As filed with the Securities and Exchange Commission on November 14, 2024

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-1

REGISTRATION STATEMENT
Under
The Securities Act of 1933

Baird Medical Investment Holdings Limited

(Exact name of Registrant as specified in its charter)

The Cayman Islands	**3711**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Room 202, 2/F, Baide Building, Building 11, No.15
Rongtong Street, Yuexiu District, Guangzhou, Peoples Republic of China
(86) 20 8218-5926
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, DE 19711
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The People's Republic of China
(86) 10 6529-8300

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company, 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 7(a)(2)(B) of the Securities Act. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant will file a further amendment which specifically states that this registration statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement will become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

† 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.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 14, 2024

PRELIMINARY PROSPECTUS

UP TO 11,500,000 ORDINARY SHARES ISSUABLE UPON THE EXERCISE OF WARRANTS
UP TO 33,832,033 ORDINARY SHARES OFFERED BY SELLING SECURITYHOLDERS

OF

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

This prospectus relates to the issuance by Baird Medical Investment Holdings Limited ("we," "us," "Baird Medical" or the "Company") of up to 11,500,000 ordinary shares, par value $0.0001 per share, of the Company (the "Ordinary Shares"), issuable upon the exercise of warrants to purchase Ordinary Shares at an exercise price of $11.50, which were issued on October 1, 2024 (the "Closing Date") in exchange for the public warrants of ExcelFin Acquisition Corp. ("ExcelFin") that were issued in the initial public offering of ExcelFin (the "Public Warrants" or "Warrants").

This prospectus also relates to the potential offer and sale from time to time by the selling securityholders named in this prospectus or their pledgees, donees, transferees, assignees or other successors in interest (that receive any of the securities as a gift, distribution, or other non-sale related transfer) (collectively, the "Selling Securityholders") of up to 33,832,033 Ordinary Shares, including (1) 27,463,627 Ordinary Shares currently held by Betters Medical Investment Holdings Limited ("Betters Medical"), which were issued to Betters Medical valued at $10.20 per share; such Ordinary Shares will be distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure (the "Pro Rata Distribution"), which, taking into account the Business Combination, would be deemed as acquired by such shareholders (other than our founder) at a price ranging from approximately RMB1.4 to RMB33.6 per share; (2) 6,028,406 Ordinary Shares issued to ExcelFin SPAC LLC (the "Sponsor") and certain other shareholders of ExcelFin (the "Sponsor Shares"), comprising (x) 5,750,000 Ordinary Shares exchanged from 5,750,000 ExcelFin Class A Common Stock purchased by the Sponsor at a price of approximately $0.004 per share; and (y) 278,406 Ordinary Shares converted from the aggregate outstanding balance of certain working capital loans provided to ExcelFin by the Sponsor and its affiliates at a conversion price of $10.20 per share; (3) 50,000 Ordinary Shares currently held by J.V.B. Financial Group, LLC ("Cohen"), which were issued to Cohen valued at $10.00 per share; and (4) up to 290,000 Ordinary Shares by Grand Fortune Capital, LLC ("GFC") upon conversion of 290,000 Series A Convertible Preferred Shares (the "GFC Shares") acquired by GFC in a private placement concurrently with the closing of the Business Combination at $10.00 per share in accordance with the Amended and Restated Articles of Association of Baird Medical.

The securities registered herein are identified in this prospectus as the Registered Securities. We are registering the offer and sale of the Registered Securities, in part, to satisfy certain registration rights we have granted. The Selling Securityholders may offer all or part of the Registered Securities for resale from time to time through public or private transactions, at either prevailing market prices or at privately negotiated prices. The Registered Securities are being registered to permit the Selling Securityholders to sell securities from time to time, in amounts, at prices and on terms determined at the time of offering. The Selling Securityholders may sell the Registered Securities through ordinary brokerage transactions, in underwritten offerings, directly to market makers of our securities or through any other means described in the section entitled "Plan of Distribution" herein. In connection with any sales of the Registered Securities offered hereunder, the Selling Securityholders, any underwriters, agents, brokers or dealers participating in such sales may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended.

Subject to the lock-up restrictions described in this prospectus under the section titled "Plan of Distribution," and assuming the Earnout Shares will be vested, the Selling Securityholders can sell, under this prospectus, up to 33,832,033 Ordinary Shares constituting (on a post-exercise basis) approximately 71.1% of our issued and outstanding Ordinary Shares as of November 14, 2024 (assuming the exercise of all of our outstanding Warrants and full conversion of GFC Shares into 290,000 Ordinary Shares). Despite a potential decline in the public trading price of the Ordinary Shares, certain Selling Securityholders may still experience a positive rate of return on the securities that they sell pursuant to this prospectus as they have acquired the securities registered hereunder at prices substantially below current market prices, and may therefore have an incentive to sell their securities. For example, based on the closing price of our Ordinary Shares at $2.87 on November 13, 2024, the holders of Sponsor Shares may experience a potential profit of up to $2.866 per share; and certain shareholders of Betters Medical following the Pro Rata Distribution may experience a potential profit of up to $2.68 per share. The holders of Public Warrants may experience a potential profit on their Warrants if the price of our Ordinary Shares exceeds $11.50 per share. However, the public holders of our securities may not experience a similar rate of return on the securities they purchase due to differences in the applicable purchase price and trading price. Given the substantial number of securities being registered for potential resale by the Selling Securityholders pursuant to this prospectus, the sale of such securities by the Selling Securityholders, or the perception in the market that the Selling

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Securityholders may or intend to sell all or a significant portion of such securities, could increase the volatility of the market price of our Ordinary Shares or result in a significant decline in the public trading price of our Ordinary Shares.

We will not receive any proceeds from the sale of the securities by the Selling Securityholders. We will receive proceeds from the exercise of Warrants if the Warrants are exercised for cash. The likelihood that warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of our Ordinary Shares. Based on the closing price of our Ordinary Shares at $2.87 on November 13, 2024, which is less than the exercise price of $11.50 per share pursuant to the terms of the Warrants, we believe the warrant holders will be unlikely to exercise their Warrants, and we are unlikely to receive proceeds from the exercise of Warrants. We will pay the expenses associated with registering the sales by the Selling Securityholders, as described in more details in the section titled "Use of Proceeds" appearing elsewhere in this prospectus.

Our Ordinary Shares and our Warrants to purchase Ordinary Shares are listed on the Nasdaq Stock Market LLC ("Nasdaq"), under the trading symbols "BDMD" and "BDMD W," respectively. On November 13, 2024, the closing price for our Ordinary Shares on Nasdaq was $2.87, and the closing price for our Warrants on Nasdaq was $0.03.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Throughout this prospectus, unless the context indicates otherwise, references to "we", "us" or the "Company" refer to Baird Medical Investment Holdings Limited, a Cayman Islands holding company, and its subsidiaries.

Baird Medical is a Cayman Islands holding company and not a Chinese operating company. We carry out our business in China through our wholly-owned PRC subsidiaries. We face various legal and operational risks and uncertainties associated with being based in or having substantially all of our operations in China. We are subject to complex and evolving laws and regulations in China. The PRC government has indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and initiated various regulatory actions and made various public statements, some of which are published with very short notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement. For instance, we face risks associated with regulatory approvals on overseas offerings and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain business, accept foreign investments, or list and conduct offerings on a U.S. or other foreign stock exchange. These risks could result in a material adverse change in our operations and the value of the Ordinary Shares, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause the value of such securities to significantly decline or become worthless. For details, see "Risk Factors — Risks Related to Doing Business in China."

We are subject to a number of prohibitions, restrictions and potential delisting risk under the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act 2023 (the "HFCAA"). Our auditor, Marcum Asia CPAs LLP, an independent registered public accounting firm that headquartered in the United States, is currently subject to the PCAOB inspections on a regular basis and was not identified in the determination report made by the PCAOB on December 16, 2021. Pursuant to the HFCAA and related regulations, if we have filed an audit report issued by a registered public accounting firm that the Public Company Accounting Oversight Board (the "PCAOB") has determined that it is unable to inspect and investigate completely, the Securities and Exchange Commission (the "SEC") will identify us as a "Commission-identified Issuer," and the trading of our securities on any U.S. national securities exchange, as well as any over-the-counter trading in the United States, will be prohibited if we are identified as a Commission-identified Issuer for two consecutive years. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainties and depends on a number of factors out of our and our auditor's control. The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and pursue ongoing investigations and initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. If the PCAOB is unable to inspect and investigate completely registered public accounting firms located in China and we fail to retain another registered public accounting firm that the PCAOB is able to inspect and investigate completely, we will be identified as a "Commission-identified Issuer," and upon two consecutive years of non-inspection under the HFCAA, the Ordinary Shares will be delisted from the Nasdaq Stock Market and will not be permitted for trading over the counter either. The related risks and uncertainties could cause the value of the Ordinary Shares to significantly decline or become worthless. For details, see "Risk Factors — Risks Related to Doing Business in

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China — Trading in our securities on any U.S. stock exchange or the U.S. over-the-counter market may be prohibited under the HFCAA if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our securities, or the threat of being delisted, may materially and adversely affect the value of your investment."

Cash may be transferred among Baird Medical and our PRC subsidiaries, in the following manners: (1) funds may be transferred to our PRC subsidiaries from Baird Medical as needed through our subsidiaries in the British Virgin Islands ("BVI") and Hong Kong in the form of capital contribution or shareholder loan, as the case may be; (2) dividends or other distributions may be paid by our PRC subsidiaries to Baird Medical through our subsidiaries in the BVI and Hong Kong; and (3) our PRC subsidiaries may lend to and borrow from each other from time to time for business operation purposes. In 2022 and 2023, there was no cash transfer within our organization, and no assets other than cash were transferred within our organization. As of the date of this prospectus, none of Baird Medical and our subsidiaries in the BVI, Hong Kong and PRC has paid any dividends or made any distributions to their respective shareholder(s), including U.S. investors if any, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. For details, see "Prospectus Summary — Implication of Being a Company with the Holding Company Structure — Cash and asset flows through our organization." We are in the process of adopting our formal cash management policies which will dictate the purpose, amount and procedure of cash transfers among our holding company and subsidiaries. We will determine the payment of dividends and fund transfer based on our specific business needs in accordance with the applicable laws and regulations. See "Prospectus Summary — Implication of Being a Company with the Holding Company Structure — Dividend distribution and taxation."

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (the "Overseas Listing Trial Measures") and circulated five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. We completed the filing procedures in connection with the business combination with ExcelFin (the "Business Combination") under the Overseas Listing Trial Measures on January 2, 2024, and the result of such CSRC approval was posted on the official website of the CSRC on the same date. We are not required to complete the CSRC filing procedures and obtain the CSRC approval under the Overseas Listing Trial Measures in connection with the resale of Registered Securities as described in this prospectus, because the resale of Registered Securities, including the Ordinary Shares issuable from the exercise of Warrants, does not involve the issuance of new securities of our Company that have not been previously included in our filing with the CSRC in connection with the Business Combination.

Pursuant to the Overseas Listing Trial Measures, we may need to complete filing procedures for future offshore fund-raising activities, including conducting follow-on offering in the United States. Any failure or perceived failure by us to comply with such filing requirements under the Overseas Listing Trial Measures may result in forced rectification, warnings and fines against us and could materially hinder our ability to raise fund overseas. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement or otherwise tightening the regulations on companies with contractual arrangements. If we violate or are deemed to have violated any current or future rules or regulations, regulatory agencies in China may impose fines and penalties on our operations in China, limit its operating privileges in China, delay or restrict the repatriation of the proceeds from offshore fund-raising activities into the PRC or take other actions that could materially adversely affect our business, financial condition and results of operations, as well as the trading price of our Ordinary Shares. See "Summary of the Prospectus — Regulatory Matters" and "Risk Factors — Risks Related to Doing Business in China — The filing with the CSRC may be required in connection with future overseas fund-raising activities, and we cannot predict whether we will be able to obtain such approval or complete such filing."

To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong subsidiary, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of Baird Medical and our subsidiaries to transfer cash or assets. The PRC government imposes certain restrictions on the convertibility of RMB into foreign currencies and the remittance of funds out of China, which may restrict the transfer of cash between Baird Medical and our PRC subsidiaries or the investors. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to payment of dividends or otherwise transfers of any of their net assets to us. Remittance of dividends by our PRC subsidiaries out of China is also subject to certain procedures with the banks designated by the PRC State Administration of Foreign Exchange. These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our PRC subsidiaries. In addition, while there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between Baird Medical and our Hong Kong subsidiary, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiary in the future, and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to interventions in or the imposition of restrictions and

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limitations on our ability to transfer funds or assets by the PRC government. Furthermore, we cannot assure you that the PRC government will not intervene or impose restrictions on Baird Medical and our PRC subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong. For details, see "Prospectus Summary — Implication of Being a Company with the Holding Company Structure — Cash and asset flows through our organization," "Risk Factors — Risks Related to Doing Business in China — We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business," and "Risk Factors — Risks Related to Doing Business in China — Governmental control of currency conversion may limit the ability of us to utilize our net revenues effectively and our ability to transfer cash among the group, across borders, and to investors and affect the value of your investment."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, as amended, and, as such, may elect to comply with certain reduced public company reporting requirements in future reports.

Prior to the Pro Rata Distribution, Betters Medical owns 76.1% of our issued and outstanding share capital, and Ms. Haimei Wu, our chairlady of the board and chief executive officer, is the beneficial owner of 66.6% of Betters Medical's total issued and outstanding share capital. Further, since Ms. Haimei Wu is the beneficial owner of 50.4% of the voting power of our issued and outstanding share capital following the Pro Rata Distribution, we are a "controlled company" as defined under the Nasdaq Stock Market Rules, and are permitted to rely on certain exemptions from corporate governance rules. As a result, you do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. See "Prospectus Summary — Implications of Being a Controlled Company" for additional information.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, such as the rules regulating solicitation of proxies and certain insider reporting and short-swing profit rules. Moreover, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. In addition, as a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the corporate governance standards of the Nasdaq Stock Market.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 12 of this prospectus and other risk factors contained in the documents incorporated by reference herein for a discussion of information that should be considered in connection with an investment in our securities.

Neither the U.S. Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

PROSPECTUS DATED , 2024

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You should rely only on the information contained or incorporated by reference in this prospectus or any supplement. Neither we nor the Selling Securityholders have authorized anyone else to provide you with different information. The securities offered by this prospectus are being offered only in jurisdictions where the offer is permitted. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of each document. Our business, financial condition, results of operations and prospects may have changed since that date.

Except as otherwise set forth in this prospectus, neither we nor the Selling Securityholders have taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-1 filed with the SEC by Baird Medical Investment Holdings Limited. The Selling Securityholders named in this prospectus may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus includes important information about us, the securities being offered by the Selling Securityholders and other information you should know before investing. Any prospectus supplement may also add, update, or change information in this prospectus. If there is any inconsistency between the information contained in this prospectus and any prospectus supplement, you should rely on the information contained in that particular prospectus supplement. This prospectus does not contain all of the information provided in the registration statement that we filed with the SEC. You should read this prospectus together with the additional information about us described in the section below entitled "Where You Can Find More Information." You should rely only on information contained in this prospectus. We have not, and the Selling Securityholders have not, authorized anyone to provide you with information different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date on the front cover of the prospectus. You should not assume that the information contained in this prospectus is accurate as of any other date.

The Selling Securityholders may offer and sell the securities directly to purchasers, through agents selected by the Selling Securityholders, or to or through underwriters or dealers. A prospectus supplement, if required, may describe the terms of the plan of distribution and set forth the names of any agents, underwriters or dealers involved in the sale of securities. See "Plan of Distribution."

Discrepancies in any table between totals and sums of the amounts listed are due to rounding. Certain amounts and percentages have been rounded; consequently, certain figures may add up to be more or less than the total amount and certain percentages may add up to be more or less than 100% due to rounding. In particular and without limitation, amounts expressed in millions contained in this prospectus have been rounded to a single decimal place for the convenience of readers.

FINANCIAL STATEMENT PRESENTATION

Baird Medical Investment Holdings Limited

The Business Combination was 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, ExcelFin will be treated as the "acquired" company for financial reporting purposes. This determination is primarily based on the shareholders of Baird Medical comprising the majority of the voting power of the Company and having the ability to nominate the members of our Board, Baird Medical's operations prior to the acquisition comprising the only ongoing operations of us, and Baird Medical's senior management comprising a majority of our senior management. Accordingly, for accounting purposes, the financial statements of the post-combination company will represent a continuation of the financial statements of Baird Medical with the Business Combination treated as the equivalent of Baird Medical issuing shares for the net assets of ExcelFin, accompanied by a recapitalization. The net assets of ExcelFin will be stated at historical costs, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be presented as those of Baird Medical in future reports of us.

The audited consolidated statements of financial position of Baird Medical and its subsidiaries as of December 31, 2022 and 2023, the related consolidated statements of profit or loss and other comprehensive income, changes in of Baird Medical's equity and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes, the unaudited condensed consolidated financial statements of Baird Medical as of June 30, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023 included in this prospectus have been prepared in accordance with U.S. GAAP and are presented in U.S. dollars.

ExcelFin

The historical financial statements of ExcelFin included in this prospectus were prepared in accordance with U.S. GAAP and are denominated in U.S. dollars.

INDUSTRY AND MARKET DATA

This prospectus contains estimates, projections and other information concerning our industry, including market size and growth of the markets in which we participate, that are based on industry publications, reports and forecasts prepared by our management. In some cases, we do not expressly refer to the sources from which these estimates and information are derived. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications and reports.

The sources of certain statistical data, estimates, and forecasts contained in this prospectus include independent industry reports from Frost & Sullivan, a third-party research firm commissioned by us.

Certain estimates of market opportunity, including internal estimates of our addressable market and forecasts of market growth, included in this prospectus may prove inaccurate. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. The estimates and forecasts in this prospectus relating to the size of our target market, market demand and adoption, capacity to address this demand, and pricing may prove to be inaccurate. The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates in this prospectus, our business could fail to successfully address or compete in such markets, if at all.

FREQUENTLY USED TERMS

Unless otherwise stated or unless the context otherwise requires in this prospectus:

"Acquisition Entity" and "Acquisition Entities" means either Baird Medical, Merger Sub 1, Merger Sub 2 or Newco, individually, and Baird Medical, Merger Sub 1, Merger Sub 2 and Newco together, respectively.

"Ancillary Agreements" means, collectively, (a) the Baird Medical Disclosure Letter, (b) the ExcelFin Disclosure Letter, (c) the Warrant Assignment, Assumption and Amendment Agreement, (d) the Baird Medical Shareholder Support Agreement, (e) the Sponsor Support Agreement, (f) the Baird Medical Lock-Up Agreement, (g) the Insider Letter Amendment, (h) the Registration Rights Agreement, (i) the Certificate of Merger 1, (j) Certificate of Merger 2, (k) the Surviving Corporation Governing Documents, (l) the Surviving LLC Governing Documents, (m) Amended and Restated Memorandum and Articles of Association of Baird Medical and (n) the other agreements, certificates and instruments to be executed or delivered by any of the parties in connection with or pursuant to the Business Combination Agreement and the Transactions.

"Baird Medical" or "PubCo" means Baird Medical Investment Holdings Limited, a Cayman Islands exempted company, and its subsidiaries.

"Betters Medical" means Betters Medical Investment Holdings Limited, a Cayman Islands exempted company.

"Betters Medical Earnout Shares" means the 8,823,529 Ordinary Shares issued to Betters Medical that 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 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 Baird Medical occurs with an implied value at or above $12.50 per share.

"Betters Medical Lock-Up Agreement" means the agreement by and between Baird Medical and Betters Medical dated October 1, 2024.

"Betters Medical Shareholder Support Agreement" means the agreement, dated as of June 26, 2023, by and among Baird Medical, ExcelFin, Betters Medical, and the Key Betters Medical Shareholders, in the form of Exhibit B to the Business Combination Agreement.

"Business Combination" means the transactions contemplated by the Business Combination Agreement whereby, among other things, (a) on August 3, 2023, Betters Medical contributed all of the issued shares of Tycoon held by Betters Medical to Baird Medical in exchange for the Ordinary Shares such that Tycoon became a wholly-owned subsidiary of Baird Medical and Betters Medical holds 29,411,765 Ordinary Shares and at the Effective Time, (b) Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of Baird Medical and (c) Merger Sub 2 merged with and into Newco, with Newco continuing as the surviving entity and wholly-owned subsidiary of Baird Medical.

"Business Combination Agreement" means the Business Combination Agreement, dated as of June 26, 2023 and amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024, by and among (i) ExcelFin, (ii) Tycoon, (iii) Baird Medical, (iv) Merger Sub 1, (v) Merger Sub 2, (vi) Newco and (vi) Betters Medical, as amended to date.

"Closing" means the closing of the Business Combination.

"Closing Date" means the date and time of the Closing.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution Consideration Shares" means 29,411,764 Ordinary Shares issued to Betters Medical in exchange for the Tycoon Shares.

"Earnout Shares" means the Betters Medical Earnout Shares and/or the Sponsor Earnout Shares.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"ExcelFin" means ExcelFin Acquisition Corp., a Delaware corporation.

"ExcelFin Bylaws" means the Bylaws of ExcelFin as in effect from time to time.

"ExcelFin Charter" means the Amended and Restated Certificate of Incorporation of ExcelFin, dated as of October 20, 2021, as amended to date.

"ExcelFin Class A Common Stock" means the Class A common stock, par value $0.0001 per share, of ExcelFin.

"ExcelFin Class B Common Stock" means the Class B common stock, par value $0.0001 per share, of ExcelFin.

"ExcelFin Common Stock" means the ExcelFin Class A Common Stock and ExcelFin Class B Common Stock.

"ExcelFin IPO" means ExcelFin's initial public offering, which was completed on October 25, 2021.

"ExcelFin Private Placement Warrants" means ExcelFin's 11,700,000 redeemable warrants sold in a private placement to the Sponsor.

"ExcelFin Private Placement Warrant Agreement" means the Private Warrant Agreement, dated as of October 21, 2021, by and between ExcelFin and the Warrant Agent.

"ExcelFin Public Warrants" means ExcelFin's redeemable warrants sold as part of the units in the ExcelFin IPO (whether they are purchased in the ExcelFin IPO or thereafter in the open market).

"ExcelFin Public Warrant Agreement" means the Public Warrant Agreement, dated as of October 20, 2021, by and between ExcelFin and the Warrant Agent.

"ExcelFin Units" means a unit consisting of one share of ExcelFin Class A Common Stock and one-half of one ExcelFin Public Warrant.

"First Merger" means the merger whereby Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo.

"First Merger Consideration Shares" means the PubCo Ordinary Shares to be exchanged for the shares of ExcelFin Stock in the First Merger.

"founder shares" or "ExcelFin Class B Common Stock" means an aggregate of 5,750,000 shares of ExcelFin Class B Common Stock held by ExcelFin Initial Stockholders and their permitted transferees, convertible into shares of ExcelFin Class A Common Stock on a one-for-one basis. All of these shares were converted into ExcelFin Class A Common Stock on October 25, 2023. At the time of the conversion, all of the ExcelFin Class B Common Stock was held of record by the Sponsor. References herein to the founder shares include the shares of ExcelFin Class A Common Stock issued upon conversion of the ExcelFin Class B Common Stock.

"Frost & Sullivan Report" means the September 2022 Report from Frost & Sullivan.

"Insider Letter" means the agreement, dated as of October 21, 2021, among ExcelFin, the Sponsor, and certain other shareholders of ExcelFin, in connection with ExcelFin IPO.

"Insider Letter Amendment" means the agreement, dated as of June 26, 2023, by and among ExcelFin, the Sponsor, and certain other shareholders of ExcelFin, to amend that certain Letter Agreement, dated as of October 20, 2021, in the form of Exhibit E to the Business Combination Agreement.

"Key Betters Medical Shareholders" means certain shareholders of Betters Medical collectively representing approximately 68.2% of the issued and outstanding shares of Betters Medical who agreed as part of the transactions contemplated by the Business Combination Agreement to enter into the Betters Medical Shareholder Support Agreement.

"Merger Sub 1" means Betters Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo.

"Merger Sub 2" means Betters Medical Merger Sub 2, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo.

"Minority Holders" means Cheer Aim Investment Limited and National Hero International Limited, shareholders of Betters Medical.

"Newco" means Betters Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly owned Subsidiary of Baird Medical.

"Newco Share Contribution" means the transfer by Betters Medical to Newco of the Transferred PubCo Ordinary Shares and the exchange by the Minority Holders of their shares in Betters Medical for the membership interests of NewCo.

"Nanjing Plant" means Baird Medical's production plant located at 2/F, Building 4, Haiermansi Industrial Park, No. 2881, Shuanglong Avenue, Jiangning Economic and Technological Development Zone, Nanjing City.

"Ordinary Shares" means ordinary shares, par value $0.0001 per share, of Baird Medical.

"PRC" or "China" means the People's Republic of China (including, for the avoidance of doubt, the Hong Kong Special Administrative Region and the Macau Special Administrative Region), and only in the context of describing the industry matters, including those derived from the report of Frost & Sullivan, and the PRC laws, rules, regulations, regulatory authorities, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this prospectus, excludes Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

"Public Warrants" or "Warrants" means warrants to purchase Ordinary Shares at an exercise price of $11.50, which were issued on October 1, 2024 in exchange for the public warrants of ExcelFin Acquisition Corp. that were issued in the initial public offering of ExcelFin.

"publicly traded units" means ExcelFin Units issued in the ExcelFin IPO.

"Registration Rights Agreement" means the registration rights agreement entered into at Closing, by and among Baird Medical, the Sponsor, Betters Medical and certain other parties.

"Share Contribution" means the transactions contemplated by the Business Combination Agreement whereby on August 3, 2023, Betters Medical contributed all of the issued Tycoon Shares to Baird Medical in exchange for Ordinary Shares such that Tycoon became a wholly-owned subsidiary of Baird Medical and Betters Medical received in exchange therefor 29,411,764 Ordinary Shares.

"Shareholders' Agreement" means that certain Shareholders' Agreement, dated July 5, 2021, by and among Betters Medical, Baird Medical, Baide Medical Investment Company Limited, Haimei Wu, and certain additional subsidiaries and investors.

"Sponsor" means ExcelFin SPAC LLC, a Delaware limited liability company.

"Sponsor Earnout Shares" means the 1,350,000 Ordinary Shares issued to the Sponsor in the Business Combination that 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 Ordinary Shares on the Nasdaq Global Market (the "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 Baird Medical occurs.

"Sponsor Registration Rights Agreement" means the agreement dated October 21, 2021, by and among ExcelFin, the Sponsor, and certain other parties, entered into in connection with the ExcelFin IPO.

"Sponsor Support Agreement" means the agreement dated as of June 26, 2023, by and among PubCo, ExcelFin and the Sponsor, in the form of Exhibit C to the Business Combination Agreement.

"Taicang Plant" means Baird Medical's manufacturing site located at Rooms 101, 201 and 501 of Building 7, Bioport II, No. 52, Yinguang Road, Fuqiao Town, Taicang City.

"Transactions" means, collectively, each of the transactions contemplated by the Business Combination Agreement or any of the Ancillary Agreements, including the Share Contribution, the First Merger and the PIPE Investment.

"Trust Account" means the trust account of ExcelFin, which holds the net proceeds of the ExcelFin IPO and the sale of the placement warrants, together with interest earned thereon, less amounts released to remit tax payable obligations and up to $100,000 of any remaining interest for dissolution expenses.

"Tycoon" means Tycoon Choice Global Limited, a business company limited by shares incorporated under the laws of the British Virgin Islands.

"Tycoon Shares" means all of the issued shares of Tycoon held by Baird Medical.

"U.S. GAAP" means accounting principles generally accepted in the United States of America.

"Warrant Agent" means Equiniti Trust Company, LLC, a limited liability trust company organized and existing under the laws of the State of New York.

"Warrant Assignment, Assumption and Amendment Agreement" means the agreement entered on October 1, 2024 by and among Baird Medical, ExcelFin, and the Warrant Agreement providing for the cancellation of the ExcelFin Private Placement Warrants, the termination of the ExcelFin Private Placement Warrant Agreement, the amendment of the ExcelFin Public Warrant Agreement such that the ExcelFin Public Warrants are exercisable for PubCo Ordinary Shares instead of ExcelFin Class A Common Stock, and the assignment by ExcelFin of all of its right, title and interest in the ExcelFin Public Warrant Agreement to PubCo, in the form of Exhibit A to the Business Combination Agreement.

"$," "US$" or "U.S. dollars" means United States dollars, the lawful currency of the United States of America.

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (or the "Exchange Act") that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements include, without limitation, our expectations concerning the outlook for our business, productivity, plans and goals for future operational improvements and capital investments, operational performance, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance, as well as any information concerning our possible or assumed future results of operations as set forth in this prospectus. Forward-looking statements also include statements regarding the expected benefits of the Business Combination.

Forward-looking statements involve a number of risks, uncertainties and assumptions, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include, but are not limited to:

- the outcome of any legal proceedings that have been or may be instituted against us;
- the ability to maintain the listing of the Ordinary Shares on the Nasdaq;
- our markets are rapidly evolving and may decline or experience limited growth;
- our ability to retain and expand our customer base;
- our ability to compete effectively in the markets in which we operate;
- the performance of our technology in full-scale operations at customer locations;;
- failure to maintain and enhance our brand;
- the rapidly changing and increasingly stringent laws, contractual obligations and industry standards relating to our operations;
- the other matters described in the section titled "Risk Factors."

We caution you against placing undue reliance on forward-looking statements, which reflect current beliefs and are based on information currently available to us as of the date a forward-looking statement is made. Forward-looking statements set forth herein speak only as of the date of this prospectus. We do not undertake any obligation to revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs. In the event that any forward-looking statement is updated, no inference should be made that we will make additional updates with respect to that statement, related matters, or any other forward-looking statements. Any corrections or revisions and other important assumptions and factors that could cause actual results to differ materially from forward-looking statements, including discussions of significant risk factors, may appear, in our public filings with the SEC, which are accessible at www.sec.gov, and which you are advised to consult.

Market, ranking and industry data used throughout this prospectus, including statements regarding market size, is based on independent industry surveys and publications, including reports by Frost & Sullivan. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we are not aware of any misstatements regarding the industry data presented herein, such estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section entitled "Risk Factors" and elsewhere in this prospectus may adversely affect us.

SUMMARY OF THE PROSPECTUS

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our securities. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision.

Business Overview

We are one of the leading microwave ablation medical device developers and providers in the PRC for minimally invasive treatment of tumors. Our proprietary medical devices are used for treatment of benign and malignant tumors, including thyroid nodules, liver cancer, lung cancer and breast lumps. We ranked first among microwave ablation medical device providers in the treatment of thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022 according to the Frost & Sullivan Report. Further, we were the third largest microwave ablation medical device provider in the PRC in terms of sales revenue in 2022.

Microwave ablation is a minimally invasive treatment technique that denaturalizes and coagulates the protein of tumor cells with extreme heat generated by microwave energy. Microwave ablation treatments have been applied to benign and malignant tumors, and management believes they are safer, less invasive and easier to operate with faster recovery periods and lower complication rates for patients, as compared to traditional treatment methods such as surgery, radiotherapy, interventional radiology, chemotherapy, targeted therapy and immunotherapy. We are not aware of any research suggesting that such traditional treatments can also prevent cancer progression by curbing benign tumors from developing into malignant tumors. The type of tumor treatment depends on the patient's individual circumstances, including the size and characteristics of the tumor, the desired outcome, and the acceptable cost. Some types of benign tumors have the potential of transforming into malignant ones through a process known as "cancer progression." The cancer progression rates among persons with thyroid nodules and breast lumps are 5.0% and 7.0%, respectively, according to the Frost & Sullivan Report. Microwave ablation treatments can help to prevent cancer progression by curbing a benign tumor from developing into a malignant tumor, and management believes that patients diagnosed with benign tumors are inclined to seek tumor removal to avoid the risks of cancer progression.

Our product offerings and pipeline products mainly consist of microwave ablation apparatus and needles. Our product offerings available for sale include microwave ablation apparatus approved for the treatment of live cancer and thyroid nodule, long microwave ablation needles, and fine microwave ablation needles. Currently, we hold two registration certificates for Class III medical devices specifically approved for the treatment of liver cancer and thyroid nodules, and one registration certificate for Class II medical devices in the PRC. For a full list of each such product and its respective registration certificate, see the section titled "Business — Competitive Strengths" below. Under PRC laws and regulations, Class II medical devices are those with moderate risks and are strictly controlled and administered, and Class III medical devices are those with relatively high risks and are strictly controlled and administered through special measures.

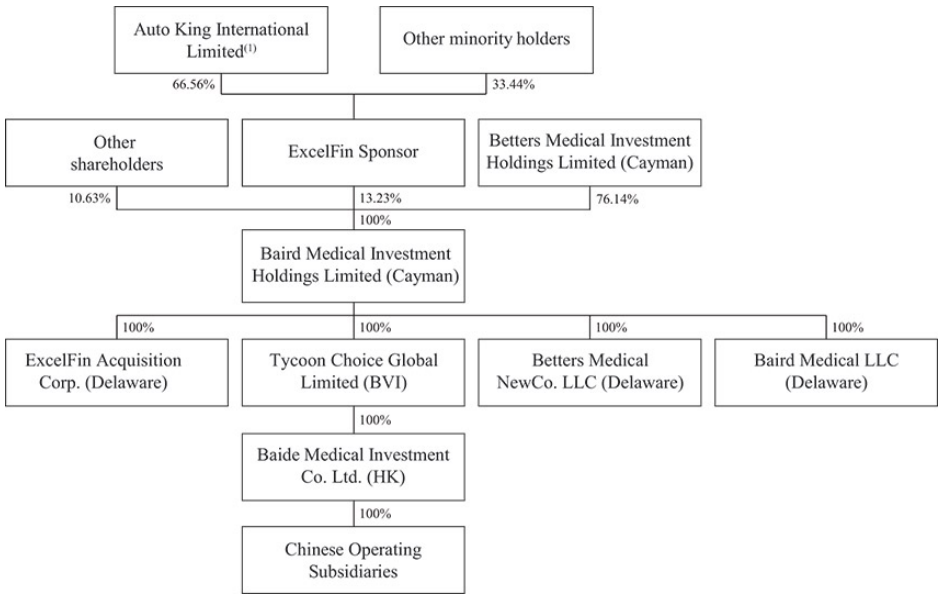
Through our research and development team, led by our co-chief technical officers, Mr. Rongjian Lu, and our research and development partners, including Nanjing Forestry University and Zhuhai People's Hospital, we have focused our development efforts on additional types of microwave ablation medical devices to meet market demand, and have also developed a product pipeline to achieve more extensive products offering.

Our products are ultimately sold to hospitals through (i) direct sales, (ii) deliverers, or (iii) distributors. Benefiting from our distributors' established channels and resources, we have been able to cut costs and time in reaching target markets compared to the costs and time required to distribute those products through direct sales. See "Sales Channels" below for an explanation of the difference between deliverers and distributors. With a network of qualified deliverers, we have been able to sell products to a large group of hospitals at once. With our solid and strategically managed network of deliverers and distributors and close collaboration with medical associations and doctors through our sales and marketing efforts, we have seen the number of hospitals in China purchasing our products increase from approximately 430 in the year ended December 31, 2022 to approximately 505 in the fiscal year ended December 31, 2023, with the number of Grade III hospitals (the

highest tier hospitals in China as classified and graded pursuant to the *Pilot Draft of the Hospital Hierarchy Management Scheme of the PRC*) increasing from approximately 250 to approximately 310.

Our revenue was US$35.1 million in 2022 and $31.5 million in 2023. Our net income was $12.8 million in 2022 and $10.7 million in 2023. Our revenue was US$11.5 million for the six months ended June 30, 2023 and US$13.1 million for the six months ended June 30, 2024. Our net income was US$2.4 million for the six months ended June 30, 2023 and US$4.4 million for the six months ended June 30, 2024.

Our principal executive office is Room 202, 2/F, Baide Building, Building 11, No.15, Rongtong Street, Yuexiu District, Guangzhou, People's Republic of China and its telephone number is +86 20 8218-5926. Our website address is bairdmed.com. The information contained on the website does not form a part of, and is not incorporated by reference into, this prospectus. The following diagram depicts a simplified organizational structure of the Company as of the date of this prospectus.



Implication of Being a Company with the Holding Company Structure

Baird Medical is a Cayman Islands holding company with no material operations of its own. We conduct our operations primarily through our wholly-owned PRC subsidiaries in China. As a result, Baird Medical's ability to pay dividends to the shareholders and to service any debt we may incur may highly depend upon dividends paid by our PRC subsidiaries, despite that we may obtain financing at the holding company level through other methods. For instance, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to us and the investors.

Under PRC laws and regulations, our PRC subsidiaries are permitted to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Furthermore, our PRC subsidiaries are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. Remittance of dividends by our PRC subsidiaries out of China is also subject to certain procedures with the banks designated by the PRC State Administration of Foreign Exchange ("SAFE"). These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our PRC subsidiaries. In addition, while there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between Baird Medical and our Hong Kong subsidiary, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiary in the future, and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to interventions in or the imposition of restrictions and limitations on our ability to transfer funds or assets by

the PRC government. Furthermore, we cannot assure you that the PRC government will not intervene or impose restrictions on Baird Medical and our PRC subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong. For details, see "Risk Factors — Risks Related to Doing Business in China — We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business," and "Risk Factors — Risks Related to Doing Business in China — Governmental control of currency conversion may limit the ability of us to utilize our net revenues effectively and our ability to transfer cash among the group, across borders, and to investors and affect the value of your investment."

Cash and asset flows through our organization

Under PRC laws and regulations, we, the Cayman Islands holding company, may fund our PRC subsidiaries only through capital contributions or loans, subject to satisfaction of applicable government registration and approval requirements. In 2022 and 2023, there was no cash transfer within our organization, and no assets other than cash were transferred within our organization. As of the date of this prospectus, none of Baird Medical and our subsidiaries in the BVI, Hong Kong and PRC has paid any dividends or made any distributions to their respective shareholder(s), including U.S. investors if any, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We are in the process of adopting our formal cash management policies which will dictate the purpose, amount and procedure of cash transfers among our holding company and subsidiaries. We will determine the payment of dividends and fund transfer based on our specific business needs in accordance with the applicable laws and regulations.

Dividend distribution and taxation

As of the date of this prospectus, none of Baird Medical and our subsidiaries in the BVI, Hong Kong and PRC has paid any dividends or made any distributions to their respective shareholder(s), including U.S. investors if any, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See "Dividend Policy" for details.

Subject to the "passive foreign investment company" rules, the gross amount of any distribution that we make to a U.S. Holder (as defined in "Taxation — United States Federal Income Taxation") with respect to the Ordinary Shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as a dividend for United States federal income tax purposes, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. In addition, if we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax. See "Taxation" for details.

The Holding Foreign Companies Accountable Act

The HFCAA was enacted on December 18, 2020. Pursuant to the HFCAA and related regulations, if we have filed an audit report issued by a registered public accounting firm that the PCAOB has determined that it is unable to inspect and investigate completely, the SEC will identify us as a "Commission-identified Issuer," and the trading of our securities on any U.S. national securities exchanges, as well as any over-the-counter trading in the United States, will be prohibited if we are identified as a Commission-identified Issuer for two consecutive years. In August 2022, the PCAOB, the CSRC and the Ministry of Finance of the PRC signed the Statement of Protocol, which establishes a specific and accountable framework for the PCAOB to conduct inspections and investigations of PCAOB-governed accounting firms in mainland China and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. Our auditor, Marcum Asia CPAs LLP, an independent registered public accounting firm that headquartered in the United States, is currently subject to the PCAOB inspections on a regular basis and was not identified in

the determination report made by the PCAOB on December 16, 2021. However, whether the PCAOB will re-evaluate its determination as a result of any obstruction with the implementation of the Statement of Protocol in the future is subject to uncertainties and depends on a number of factors out of our and our auditor's control. The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and to pursue ongoing investigations and initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. If the PCAOB is unable to inspect and investigate completely registered public accounting firms located in China and we fail to retain another registered public accounting firm that the PCAOB is able to inspect and investigate completely in 2024 and beyond, or if we otherwise fail to meet the PCAOB's requirements, the Ordinary Shares will be delisted from the Nasdaq Stock Market, and Ordinary Shares will not be permitted for trading over the counter in the United States under the HFCAA and related regulations. The related risks and uncertainties could cause the value of the Ordinary Shares to significantly decline or become worthless. For details, see "Risk Factors — Risks Related to Doing Business in China — Trading in our securities on any U.S. stock exchange or the U.S. over-the-counter market may be prohibited under the HFCAA if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our securities, or the threat of being delisted, may materially and adversely affect the value of your investment."

Regulatory Matters

CSRC Filing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (the "Overseas Listing Trial Measures") and circulated five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (1) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (2) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. In addition, the Overseas Listing Trial Measures provides that the direct or indirect overseas listings of the assets of domestic companies through one or more acquisitions, share swaps, transfers or other transaction arrangements shall be subject to filing procedures in accordance with the Overseas Listing Trial Measures, which filing shall be submitted within three business days after the issuer

submits its application documents relating to the initial public offering and/or listing or after the first public announcement of the relevant transaction (if the submission of relevant application documents is not required). The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

Guidance for Application of Regulatory Rules — Overseas Offering and Listing No. 1, promulgated by CSRC together with the Overseas Listing Trial Measures, provides that if a domestic enterprise completes an overseas offering through an overseas special purposes acquisition company, it shall submit the filing materials within three business days after such overseas special purposes acquisition company publicly announces such acquisition transaction. In addition, according to the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Enterprises published by CSRC on its official website on February 17, 2023, companies that have already been listed on overseas stock exchanges prior to March 31, 2023 or the companies that have obtained the approval from overseas supervision administrations or stock exchanges for its offering and listing prior to March 31, 2023 and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing, but are required to make filings for subsequent offerings in accordance with the Overseas Listing Trial Measures. Companies that have already submitted an application for an initial public offering to overseas supervision administrations but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing prior to March 31, 2023 may arrange for the filing within a reasonable time period and should complete the required CSRC filing procedure, the completion of which will be published on the CSRC website, before such companies' overseas issuance and listing.

We completed the filing procedures in connection with the Business Combination under the Overseas Listing Trial Measures on January 2, 2024, and the result of such CSRC approval was posted on the official website of the CSRC on the same date. We are not required to complete the CSRC filing procedures and obtain the CSRC approval under the Overseas Listing Trial Measures in connection with the resale of Registered Securities as described in this prospectus, because the resale of Registered Securities, including the Ordinary Shares issuable from the exercise of Warrants, does not involve the issuance of new securities of our Company that have not been previously included in our filing with the CSRC in connection with the Business Combination.

Pursuant to the Overseas Listing Trial Measures, we may need to complete filing procedures for future offshore fund-raising activities, including conducting follow-on offering in the United States. Any failure or perceived failure by us to comply with such filing requirements under the Overseas Listing Trial Measures may result in forced rectification, warnings and fines against us and could materially hinder our ability to raise fund overseas. See "Risk Factors — Risks Related to Doing Business in China — The filing with the CSRC may be required in connection with future overseas fund-raising activities, and we cannot predict whether we will be able to obtain such approval or complete such filing."

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration released the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Archives Rules"), which became effective on March 31, 2023. The Archives Rules regulate both overseas direct offerings and overseas indirect offerings, providing that, among other things:

- in relation to the overseas listing activities of PRC enterprises, the PRC enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities;
- during the course of an overseas offering and listing, if a PRC enterprise needs to publicly disclose or provide to securities companies or securities service providers and overseas regulators, any materials that contain relevant state secrets, government work secrets or information that has a sensitive impact (i.e., be detrimental to national security or the public interest if divulged), the PRC enterprise should complete the relevant approval/filing and other regulatory procedures; and
- working papers produced in the PRC by securities companies and securities service providers, which provide PRC enterprises with securities services during their overseas issuance and listing, should be

stored in the PRC, and competent PRC authorities must approve the transmission of all such working papers to recipients outside the PRC.

Any failure or perceived failure by us to comply with the Archives Rules and the confidentiality requirements and other PRC laws and regulations may result in us being held legally liable by competent authorities.

Regulatory Licenses for Our Operations in China

We have obtained (1) five registration certificates for microwave ablation therapeutic apparatus (models MTI-5AT, MTI-5B, MTI-5C, MTI-5DT and MTI-5ET, Class III on February 6, 2023); (2) a number of registration certificates for microwave ablation needles (Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle, Long Microwave Ablation Needles, Models XR-A2021W, XR-A2018W, XR-A2015W, XR-A2021R (round head) and XR-A2018R (round head), Class III on February 6, 2023; Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle, Fine Microwave Ablation Needle, Model XR-A1610W, Class III on February 6, 2023; Disposable Microwave Ablation Needle, Long Microwave Ablation Needles, Models J-20-15, J-20-12, J-20-10, J-20-08, J-20-05, J-18-15, J-18-12, J-18-10, J-18-08 and J-18-05, Class III on July 13, 2023; Disposable Microwave Ablation Needle, Fine Microwave Ablation Needle, Models J-16-15, J-16-12, J-16-10, J-16-08, J-16-05, J-14-15, J-14-12, J-14-10, J-14-08, J-14-05, Class III on July 13, 2023); Disposable Microwave Ablation needle, Models G-20-25, G-20-21, G-20-18, G-20-15, G-18-25, G-18-21, G-18-18, G-18-15, G-16-20, G-16-15, G-16-10, G-16-08 Class III on December 4, 2023; Disposable Microwave Ablation Needles, Models J-20-15-XT, J-20-12-XT, J-20-10-XT, J-20-08-XT, J-20-05-XT, J-18-15-XT, J-18-12-XT, J-18-10-XT, J-18-08-XT, J-18-05-XT, J-16-15-XT, J-16-12-XT, J-16-10-XT, J-16-08-XT, J-16-05-XT, J-14-15-XT, J-14-12-XT, J-14-10-XT, J-14-08-XT, and J-14-05-XT Class III on March 19, 2024; and (3) one registration certificate for disposable sterile biopsy needle (Disposable Sterile Biopsy Needle, Model BN-MAR-1, Class II on August 30, 2023).

On May 25, 2021 we obtained the Manufacture License for Class II and Class III Medical Devices for its existing microwave ablation products in China. Such Manufacture License is valid until May 24, 2026. We do not believe that the 2022 Supervisory and Administrative Measures for Production will have a material impact on our business operations because (1) the updates and revisions to the 2022 Supervisory and Administrative Measures for Production do not affect the validity of the production license obtained by us on May 25, 2021, which remains applicable and is sufficient for us to satisfy relevant requirements under the 2022 Supervisory and Administrative Measures for Production, (2) during the process of obtaining the registration certificate for Class III thyroid medical devices, we passed an audit, performed by the National Medical Products Administration and in accordance with the 2022 Supervisory and Administrative Measures for Production, for the period from February 9, 2023, to February 10, 2023, and (3) after obtaining the registration certificate for its single-use sterile biopsy needle product, we applied to add "Class II: 14-01 Injection and Puncture Instruments" to the production scope of the medical device production license, and obtained the updated medical device production license on October 16, 2023 in accordance with the 2022 Supervisory and Administrative Measures for Production. As of the date of this prospectus, we are subject to and in compliance with the 2022 Supervisory and Administrative Measures for Production.

See "Risk Factors — Risks Related to Doing Business in China."

Implication of Being a Controlled Company

Prior to the Pro Rata Distribution, Betters Medical owns 76.1% of our issued and outstanding share capital, and Ms. Haimei Wu, our chairlady of the board and chief executive officer, is the beneficial owner of 66.6% of Betters Medical's total issued and outstanding share capital. Further, since Ms. Haimei Wu is the beneficial owner of 50.4% of the voting power of our issued and outstanding share capital following the Pro Rata Distribution, we are a "controlled company" as defined under the Nasdaq Stock Market Rules, and are permitted to rely on certain exemptions from corporate governance rules. You do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. For details, see "Risk Factor — Risks Related to Our Securities and this Offering — As a "controlled company" under the Nasdaq Stock Market Rules, we may be exempt from certain corporate governance requirements that could adversely affect our public shareholders."

Risk Factor Summary

Our business and our industry are subject to significant risks. You should carefully consider all of the information set forth in this prospectus and in our other filings with the SEC, including the following risk factors, in evaluating our business. If any of the following risks actually occur, our business, financial condition, results of operations, and growth prospects would likely be materially and adversely affected. This prospectus also contains forward-looking statements that involve risks and uncertainties. See the section entitled "Forward-Looking Statements."

Risks Related to Our Business and Industry

Risks and uncertainties relating to our business and industry include, but are not limited to, the following:

- The limited operating history of Baird Medical may not be indicative of its future growth and makes it difficult to predict its future prospects, including business and financial performance.
- Baird Medical's historical operating results may not be representative of future performance. In particular, Baird Medical's high gross profit margin may not be sustainable.
- Baird Medical may be unable to obtain, maintain or renew the regulatory filings and registration certificates needed to commercialize its microwave medical devices in a timely manner, or at all.
- Baird Medical may not be able to maintain or renew all the permits, licenses and certificates required for its business and operations.
- Baird Medical may fail to maintain or renew its relationship with existing distributors and customers, or maintain its sales network.
- Baird Medical's sales may be affected by the level of medical insurance reimbursement available to patients using its products.

Risks Related to Doing Business in China

We face various legal and operational risks and uncertainties related to being based in and having significant operations in China, and therefore are subject to risks associated with doing business in China generally. Risks and uncertainties related to doing business in China could result in a material adverse change in our operations, significantly limit or completely hinder our ability to offer our securities to investors, and cause the value of our securities to significantly decline or become worthless. Such risks and uncertainties include, but not limited to, the following:

- Chinese government has significant authority to intervene or influence our operations at any time, and to exert more control over offerings conducted overseas and/or foreign investment in China-based issuers. For details, see "Risk Factors — Risks Related to Doing Business in China — The PRC government has significant authority to exert influence on the China operations of an offshore holding company, and offerings conducted overseas and foreign investment in China-based issuers, such as us. Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, results of operations, financial condition, and the value of our securities," "— Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could significantly limit or completely hinder our ability in capital raising activities and materially and adversely affect our business and the value of your investment," and "— The filing with the CSRC may be required in connection with future overseas fund-raising activities, and we cannot predict whether we will be able to obtain such approval or complete such filing."
- Our securities may be delisted under the HFCAA if the PCAOB is unable to inspect auditors who are located in mainland China and Hong Kong. For details, see "Risk Factors — Risks Related to Doing Business in China — Trading in our securities on any U.S. stock exchange or the U.S. over-the-counter market may be prohibited under the HFCAA if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our securities, or the threat of being delisted, may materially and adversely affect the value of your investment."

- We are subject to impact from PRC economic, political and social conditions, as well as changes in any government policies, laws and regulations. For details, see "Risk Factors — Risks Related to Doing Business in China — The PRC government has significant authority to exert influence on the China operations of an offshore holding company, and offerings conducted overseas and foreign investment in China-based issuers, such as us. Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, results of operations, financial condition, and the value of our securities," and "— Adverse changes in economic and political policies of the PRC government could negatively impact China's overall economic growth, which could materially adversely affect our business."
- We are subject to uncertainties with respect to the PRC legal system, including such relating to the enforcement of rules and regulations in China and the risk that rules and regulations can change quickly with little advance notice. For details, see "Risk Factors — Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws, rules and regulations could materially adversely affect our business."

Risks Related to Our Securities and this Offering

- The price of our securities may be volatile, and the value of our securities may decline.
- The process of taking a company public by means of a business combination with a special purpose acquisition company is different from taking a company public through an IPO and may create risks for our unaffiliated investors.
- The Warrants to purchase Ordinary Shares will increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.
- Sales of the Registered Securities, or the perception of such sales, by the Selling Securityholders pursuant to this prospectus in the public market or otherwise could cause the market price for our Ordinary Shares to decline.
- We will be a foreign private issuer, and as a result, will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.
- As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Stock Market corporate governance listing standards.
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the law of the Cayman Islands, and will conduct substantially all of our operations in China, and a majority of our directors and executive officers will reside outside of the United States.

Emerging Growth Company

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered

under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (i) following the fifth anniversary of the consummation of the Business Combination, (ii) in which we have total annual gross revenue of at least $1.235 billion, or (iii) in which we are deemed to be a large accelerated filer, which means the market value of Ordinary Shares that are held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second fiscal quarter; and (2) the date on which we have issued more than $1.00 billion in non-convertible debt securities during the prior three-year period. References herein to "emerging growth company" have the meaning associated with it in the JOBS Act.

Foreign Private Issuer

We are a foreign private issuer within the meaning of the rules under the Exchange Act and, as such, we are permitted to follow the corporate governance practices of its home country, the Cayman Islands, in lieu of the corporate governance standards of Nasdaq applicable to U.S. domestic companies. For example, we are not required to have a majority of the board consisting of independent directors nor have a compensation committee or a nominating and corporate governance committee consisting entirely of independent directors. We intend to follow its home country's corporate governance practices as long as it remains a foreign private issuer. As a result, our shareholders may not have the same protection afforded to shareholders of U.S. domestic companies that are subject to Nasdaq corporate governance requirements. As a foreign private issuer, we are also subject to reduced disclosure requirements and are exempt from certain provisions of the U.S. securities rules and regulations applicable to U.S. domestic issuers such as the rules regulating solicitation of proxies and certain insider reporting and short-swing profit rules.

THE OFFERING

The summary below describes the principal terms of the offering. The "Description of Share Capital" section of this prospectus contains a more detailed description of the Ordinary Shares.

Issuance of Ordinary Shares Pursuant to Exercise of Warrants	
Ordinary Shares issued and outstanding prior to exercise of all Warrants	35,778,625 Ordinary Shares (36,068,625 Ordinary Shares upon full conversion of the GFC Shares).
Ordinary Shares issuable upon exercise of all Warrants registered herein	11,500,000 Ordinary Shares
Use of proceeds	We will receive up to an aggregate of $132,250,000 from the exercise of all Warrants, assuming the exercise in full of all of the Warrants for cash. The exercise price of the Warrants is $11.50 per share, subject to adjustment as described herein. The closing price of Ordinary Shares on Nasdaq on November 13, 2024 was $2.87 per share. The likelihood that warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of our Ordinary Shares. Based on the closing price for our Ordinary Shares at $2.87 on November 13, 2024, which is less than the exercise price of $11.50 per share pursuant to the terms of the Warrants, we believe warrant holders will be unlikely to exercise their Warrants, and we are unlikely to receive proceeds from the exercise of Warrants. To the extent that we receive any net proceeds in connection with the exercise of Warrants, we expect to use such net proceeds for general corporate purposes. See the section titled "Use of Proceeds" appearing elsewhere in this prospectus for more information.
Resale of Ordinary Shares	
Ordinary Shares offered by the Selling Securityholders	Up to 33,832,033 Ordinary Shares, consisting of 27,463,627 Ordinary Shares held by Betters Medical, which will be distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure, 6,028,406 Sponsor Shares, 50,000 Ordinary Shares held by Cohen, and 290,000 GFC Shares convertible into such number of Ordinary Shares in accordance with the terms of the Amended and Restated Articles of Association of the Company.
Use of proceeds	All of the securities offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective accounts. We will not receive any of the proceeds from such sales.
Offering price	The securities offered by this prospectus may be offered and sold at prevailing market prices, privately negotiated prices or such other prices as the Selling Securityholders may determine. See "Plan of Distribution."
Warrants issued and outstanding	11,500,000 Warrants

Dividend Policy	We have never declared or paid any cash dividend on our Ordinary Shares. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any further determination to pay dividends on our ordinary shares would be at the discretion of our board of directors, subject to applicable laws, and would depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.
Lock-up arrangement	The securities being registered for resale by certain Selling Securityholders named in the prospectus are subject to a six-month lock-up period from October 1, 2024, subject to certain exceptions. The holders of Sponsor Shares are subject to lock-up requirement of up to one year following the consummation of the Business Combination, subject to certain exceptions.
Market for our Ordinary Shares and Warrants	Our Ordinary Shares and Warrants are listed on Nasdaq under the trading symbols “BDMD” and “BDMD W,” respectively.
Risk factors	Prospective investors should carefully consider the “Risk Factors” for a discussion of certain factors that should be considered before buying the securities offered hereby.

RISK FACTORS

Our business and our industry are subject to significant risks. You should carefully consider all of the information set forth in this prospectus and in our other filings with the SEC, including the following risk factors, in evaluating our business. If any of the following risks actually occur, our business, financial condition, results of operations, and growth prospects would likely be materially and adversely affected. This prospectus also contains forward-looking statements that involve risks and uncertainties. See the section entitled "Forward-Looking Statements."

Risks Related to Our Business and Industry

Our limited operating history may not be indicative of our future growth and makes it difficult to predict our future prospects, including business and financial performance.

Our operations trace back to June 2012 when Baide Suzhou Medical Co., Ltd., a limited liability company formed in the PRC ("Baide Suzhou"), was established by Haimei Wu, her husband, Wenyuan Wu, and two other independent third parties. Thereafter, we commenced our business, which consisted of the distribution of general medical devices in Guangdong, China. In May 2017, Baide Suzhou acquired a 51% equity interest in Nanjing Changcheng Medical Equipment Co., Ltd., a limited liability company formed in the PRC in January 2016 ("Nanjing Changcheng") and expanded our business to include the development and provision of microwave ablation medical devices in China. In March 2019, Baide Suzhou acquired the remaining 49% equity interest in Nanjing Changcheng, and Nanjing Changcheng became a wholly owned subsidiary of Baide Suzhou. Over the years, we have developed a strategically managed network with hospitals and medical device distributors, and have gradually expanded our market share in the distribution and sales of microwave ablation medical devices in the PRC.

Our short operating history may not serve as an adequate basis for evaluating our prospects and future operating results, including, but not limited to, our key operating data, net revenue, cash flows and operating margins. In addition, the microwave ablation medical devices industry in China is at an early stage of development and will continue to evolve. There is no guarantee that hospitals or distributors will accept the microwave ablation medical devices at a price point that we will deem acceptable. In addition, we may not generate sufficient revenues to cover costs which would have a negative impact on the business, financial results and results of operation. As a result, you may not be able to fully discern the market dynamics that we are subject to in order to assess our business prospects. We have encountered, and may continue to encounter, risks, challenges and uncertainties frequently experienced by companies at an early stage, including those relating to our ability to adapt to the industry, to maintain and monetize our customer base, to introduce new offerings and services and to maintain consistent business growth. If we are unable to successfully address these risks, challenges and uncertainties, our business, financial condition and results of operations could be materially and adversely affected.

Our historical operating results may not be representative of future performance. In particular, our high gross profit margin may not be sustainable.

We cannot assure you that our historical operating results, and in particular our high gross profit margin, will be indicative of future performance for various reasons, including that the success of our existing and new products is uncertain, changes in the market and the regulatory environment, as well as our ability to manage our sales network and the intensified competition in the microwave ablation medical device market in China. For example, our profitability for future years may be negatively affected by low-margin sales and competition strategies adopted by our competitors, increasing costs of raw materials and increasing sale and distribution costs occurring as a result of the expansion of our sales and distribution network. As a result, our gross profit margin may not be sustainable. Investors should not rely on our historical results as an indication of its future financial or operating performance.

We may be unable to obtain, maintain or renew the regulatory filings and registration certificates needed to commercialize our microwave medical devices in a timely manner, or at all.

We need to complete regulatory filings or obtain registration certificates for our microwave medical devices from the National Medical Products Administration in the PRC (the "NMPA") or our local branches

at the provincial or prefectural city level. In China, medical devices are classified into Class I, Class II and Class III, depending on the degree of risk associated with each medical device and the amount of oversight required to ensure safety and effectiveness. Class I medical devices need to be filed with the local branches at the prefectural city level of the NMPA before they can be commercialized. Class II and Class III medical devices are examined by the provincial branches of the NMPA and the NMPA, respectively, and are required to obtain registration certificates from competent authorities for commercialization. The filing and registration process is unpredictable, may be lengthy and costly, and depends on numerous factors, for example, authorities may require us to conduct clinical trials or monitoring as a precondition for certain approvals. Even if the microwave ablation medical devices offered by Baird Medical are to successfully obtain approval from the regulatory authorities, that approval might significantly limit the approved indications for use, require that precautions, contraindications or warnings be included on the product labelling. Following an approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and changes to product labelling, may be subject to additional review and approval by the NMPA and/or comparable regulatory authorities.

In addition, even if we obtain the registration certificates for our microwave ablation medical devices, if we or other third parties later identify safety issues with our microwave ablation medical devices, we may be forced to suspend sales and marketing, and regulatory authorities may cancel the registration certificates for such medical devices.

Moreover, registration certificates for medical devices have a five-year term and must be renewed by filing renewal applications with the NMPA or its provincial branches at least six months prior to the expiration of the certificate. We have obtained (1) five registration certificates for microwave ablation therapeutic apparatus (models MTI-5AT, MTI-5B, MTI-5C, MTI-5DT and MTI-5ET, Class III on February 6, 2023); (2) a number of registration certificates for microwave ablation needles (Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle, Long Microwave Ablation Needles, Models XR-A2021W, XR-A2018W, XR-A2015W, XR-A2021R (round head) and XR-A2018R (round head), Class III on February 6, 2023; Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle, Fine Microwave Ablation Needle, Model XR-A1610W, Class III on February 6, 2023; Disposable Microwave Ablation Needle, Long Microwave Ablation Needles, Models J-20-15, J-20-12, J-20-10, J-20-08, J-20-05, J-18-15, J-18-12, J-18-10, J-18-08 and J-18-05, Class III on July 13, 2023; Disposable Microwave Ablation Needle, Fine Microwave Ablation Needle, Models J-16-15, J-16-12, J-16-10, J-16-08, J-16-05, J-14-15, J-14-12, J-14-10, J-14-08, J-14-05, Class III on July 13, 2023); Disposable Microwave Ablation needle, Models G-20-25, G-20-21, G-20-18, G-20-15, G-18-25, G-18-21, G-18-18, G-18-15, G-16-20, G-16-15, G-16-10, G-16-08 Class III on December 4, 2023; Disposable Microwave Ablation Needles, Models J-20-15-XT, J-20-12-XT, J-20-10-XT, J-20-08-XT, J-20-05-XT, J-18-15-XT, J-18-12-XT, J-18-10-XT, J-18-08-XT, J-18-05-XT, J-16-15-XT, J-16-12-XT, J-16-10-XT, J-16-08-XT, J-16-05-XT, J-14-15-XT, J-14-12-XT, J-14-10-XT, J-14-08-XT, and J-14-05-XT Class III on March 19, 2024; and (3) one registration certificate for disposable sterile biopsy needle (Disposable Sterile Biopsy Needle, Model BN-MAR-1, Class II on August 30, 2023). When deciding whether or not to grant renewal, the NMPA or its provincial branches usually focuses on, among other things, whether the product conforms to the latest applicable standards or quality requirements and whether the registrant files a registration renewal application within the prescribed time limit. With respect to a medical device used for treating rare diseases or urgently needed to respond to public health emergencies, the NMPA or its provincial branches will also focus on whether the matters as specified in the medical device registration certificate have been completed within a prescribed time limit as required by the registration approval authority. If the NMPA or its provincial branches decide not to grant the renewal of registration certificates held by us or require us to obtain additional registration certificates, we will not be able to continue to manufacture and sell the relevant microwave medical devices, which would have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to maintain or renew all the permits, licenses and certificates required for our business and operations.

Major aspects of our operations, including product registration or filing, manufacturing, packaging, sales and distribution, pricing and environmental protection, are regulated by comprehensive local, regional and national regulatory regimes. For example, in China, in addition to the registration certificates, companies engaging in manufacturing of Class II and Class III medical devices are required to obtain and maintain a

Manufacture License for Medical Devices. Companies engaging in the operation and sale of Class III medical devices are also required to obtain and maintain a Business Operation License for Medical Device. Such permits, licenses and certificates are subject to periodic reviews and renewals by relevant government authorities. There can be no assurance that the relevant authorities will approve the application for such permits, licenses and certificates or their renewal in the future. Failure to comply with relevant regulations or obtain or renew any permit, license or certificate necessary for our operations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our permits, licenses or certificates necessary to conduct our business, and may also result in the issuance of an order to suspend or cease operations and the confiscation of income derived from non-compliant activities.

In addition, the regulatory framework for the microwave medical device industry in China is constantly evolving, and we expect it will continue to evolve. In recent years, the healthcare regulatory framework in China has undergone significant changes, including changes with respect to quality control, supply, pricing and the tender process for medical devices. We cannot predict the likelihood, nature or extent of regulatory changes that may arise from future legislation in China. Furthermore, if new regulations come into effect, we may be required to obtain additional permits, licenses or certificates. There is no assurance that we will respond successfully and timely to such changes. Such changes may also result in increased compliance costs or prevent our successful development, manufacture and commercialization of products in China, which would adversely affect our business, financial condition and results of operations.

We cannot assure you that we will not be subject to any warning, investigations or penalties in the future. If any part of the business of our subsidiaries operates without obtaining proper approvals, licenses or permits as required by the new laws or regulations, such entities may become subject to various penalties, including fines, termination or restrictions on the business of our subsidiaries, or revocation of business licenses held by these entities, which may materially and adversely affect our business, financial conditions and results of operations.

We may fail to maintain or renew our relationship with existing distributors and customers, or maintain its sales network.

Our growth and future success depend upon our ability to maintain good relationships with our customers and solidify our market position. Our ability to maintain good relationships with existing customers and attract new customers significantly depends on, among other things, our ability to continuously anticipate and effectively respond to changing customers' demands and preferences, and anticipate and respond to changes in the competitive and changing landscape of the industry. We may face significant challenges and risks in managing a geographically dispersed distribution network and retaining the individuals who make up that network. In the event that we cannot maintain good relationships with our customers, or maintain or guarantee the high quality of our microwave ablation medical devices, our business and financial performance will be adversely affected. In addition, if some or all of our current customers were to decrease their orders for our products, there can be no assurance that we would be able to identify an alternative customer or customers as a replacement. This risk is magnified by the fact that our customer base is concentrated. In 2023, Guangdong Provincial Hospital of Traditional Chinese Medicine and one distributor accounted for 14.3% and 10.4% of our total revenue, respectively, whereas in 2022, one customer, Zhuhai People's Hospital, accounted for 10.3% of our total revenue, and in 2021, two customers, Guangdong Provincial People's Hospital and Zhuhai People's Hospital, accounted for 13.7% and 12.0% of our total revenue, respectively.

We rely largely on delivery service providers and distributors to distribute products to hospitals. The performance of our deliverers and distributors and the ability of our distributors to distribute products and expand our businesses and our sales network are crucial to the growth of our business and may directly affect our sales volume and profitability. Any reduction, delay or cancellation of orders from distributors, or any failure to renew the agreements with deliverers and distributors or failure to timely identify and engage additional or replacement distributors upon the loss of one or more of our deliverers or distributors, may cause fluctuations or declines in our revenue or the sustainability of our growth and have a material and adverse effect on our business, financial condition and results of operations. In addition, a decline in the performance of our distributors could have a negative impact on our results of operations.

Our sales may be affected by the level of medical insurance reimbursement available to patients using our products.

Demand for, prices of, and ability to sell products offered by us is impacted by the availability of governmental and private health insurance in China for treatments using its products. China has a complex medical insurance system that is currently undergoing reform. The governmental insurance coverage or reimbursement level in China for new procedures and the medical devices used in such procedures varies from region to region and is subject to uncertainty, as the PRC government may change, reduce, or eliminate the governmental insurance coverage then available for treatments using our products. Our products are included in the medical insurance reimbursement list in ten provinces in China. We have sold products to direct customers in eight of these provinces, namely Guangdong Province, Fujian Province, Jiangxi Province, Hebei Province, Henan Province, Yunnan Province, Shanxi Province and Jiangsu Province. We cannot assure you that our products and pipeline products (upon commercialization) will be included in the medical insurance reimbursement list at all times, or at all. To the extent that our products are not included in the medical insurance reimbursement list or if any such insurance schemes are modified or cancelled which result in the removal of any such products from medical insurance catalogues, hospitals may recommend and patients may choose alternative treatment methods, which will reduce demand for our products, and its sales may be adversely impacted or not able to achieve expected levels.

In addition, the national medical insurance program in China will generally reimburse patients for a higher percentage of the product cost if they use a medical device manufactured by a Chinese domestic company as opposed to an imported device. We cannot guarantee that this favorable policy will be maintained in the future. Moreover, we may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list.

We may not be able to successfully complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all.

We have five types of pipeline products. In order to obtain the registration certificates for Class III medical devices, such pipeline products are required to go through product registration testing to demonstrate their safety and effectiveness. Such testing is conducted by third party testing institutions recognized by the NMPA. The product registration testing schedule of these testing institutions is beyond our control, and we cannot assure you that our pipeline products will pass these tests in a timely manner, or at all.

In order to obtain the registration certificates for Class III medical devices for our pipeline products, we are required to conduct, at our own expense, clinical trials, unless such products fall under certain exemptions as decided by the relevant authorities. Clinical trials may be expensive, and the duration of a clinical trial generally varies substantially with the type, complexity, novelty and intended use of the product. In the past, clinical trials for our products have taken one to two years to complete, depending on the complexity and degree of innovation of the products. Delays or setbacks may occur in clinical trials for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- disagreement about our interpretation of data from clinical trials;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- failure to enroll sufficient patients in clinical trials; or
- clinical sites, or other parties that participate in clinical trials, deviating from trial protocol or failing to conduct the clinical trial in accordance with regulatory requirements, or dropping out of the clinical trial.

We cannot guarantee that clinical trials will demonstrate safety and effectiveness results as expected. Furthermore, success in testing procedures does not guarantee success in clinical trials. Negative or inconclusive results or safety issues associated with its pipeline products could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials, or could result in the delay or denial of regulatory approvals from the NMPA. Failure in product registration testing or clinical trials or any other failure to adequately demonstrate the safety and effectiveness of any of the pipeline products would prevent receipt of the required regulatory approvals from the NMPA in a timely manner or at all and, ultimately, the

commercialization of those pipeline products. In addition, if we experience delays in any other non-clinical development stage of any of our pipeline products, the commercial prospects of those products may also be harmed, the product development and approval process may be delayed, our costs may be increased, and our ability to generate sales revenue from any of these products would be jeopardized.

We may not be able to obtain Class III medical device registration certificates specifically approved for the treatment of additional diseases in a timely manner.

The NMPA published the Microwave Ablation Equipment Guidelines on November 25, 2021, which stipulate that microwave ablation equipment should be administrated as a Class III medical device under the Medical Device Classification Catalog. Hence, only Class III medical device registration certificates will be considered for all new microwave ablation needle registrations. In addition, the Microwave Ablation Equipment Guidelines stipulate that (1) applicants applying for Class III registration certificates for microwave ablation equipment should set out the scope of application of their microwave ablation equipment based on the characteristics of the product, limit or modify the scope of application of their microwave ablation equipment based on clinical data, the relevant clinical diagnosis and treatment specifications; and (2) the scope of application should clearly identify the specific organs or tissues on which the microwave ablation equipment is to be applied.

We have engaged Nanjing Huitong Medical Technology Co., Ltd.("NH"), a third party research institution, to provide services in connection with the applications for (1) Class III medical device registration certificates specifically approved for the treatment of liver cancer and thyroid nodules for all existing models of our Class II microwave ablation needles; and (2) expanding the indications on our Class III medical device registration certificate to include breast lumps, pulmonary nodules, varicose veins, bone tumors and uterine fibroids, which all such indications are expected to be obtained by 2025 or 2026.

However, because delays in product registration testing and clinical trials may occur due to the factors that are beyond our control, we cannot guarantee that the above applications will be completed and approved in a timely manner, or at all. If we fail to obtain Class III medical device registration certificates for our Class II medical devices before the expiration of our existing Class II medical device registration certificates, our ability to generate sales revenue from such medical devices will be negatively impacted.

We may fail to effectively manage our deliverers or distributors. Actions taken by our deliverers or distributors in violation of the framework agreements or sales guidelines could materially and adversely affect our business, prospects and reputation.

We have limited control over the operations and actions of the deliverers or distributors engaged by us. We rely on framework agreements and sales guidelines and policies to manage the deliverers or distributors engaged by us, including their compliance with laws, rules, regulations and policies. We cannot guarantee that we will be able to effectively manage these deliverers or distributors, or that these deliverers or distributors will not breach their agreements with or our policies. If these deliverers or distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the framework agreements, including by selling products to customers other than their designated hospitals;
- failing to deliver products to designated hospitals in a timely manner;
- failing to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling the products offered by us; or
- violating anti-corruption, anti-bribery, anti-competition or other laws and regulations of China or other jurisdictions.

Any violation or alleged violation by the deliverers or distributors engaged by us of the framework agreements, sales guidelines and policies or any applicable laws and regulations could result in the erosion of our goodwill, a decrease in the market value of our brand and negative public perception of the quality of our products, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, some of the distributors may engage sub-distributors or deliverers to distribute the products offered by us. We do not engage these sub-distributors or deliverers directly or maintain contractual relationships with them, and mainly rely on the distributors to manage and control them in accordance with regulatory requirements and the terms of the framework agreements entered into with the distributors. As a result, we have limited control over these sub-distributors and deliverers. There is no assurance that these sub-distributors and deliverers will comply with the geographical restrictions agreed to by our deliverers or distributors, will distribute only to authorized hospitals or other medical institutions or will comply with other distribution requirements under the framework agreements or sales guidelines. We have no direct legal recourse against such sub-distributors and deliverers if their activities cause harm to our business or reputation. Furthermore, we cannot assure you that we will be able to identify or correct all the sub-distributors' and deliverers' practices that are detrimental to our business in a timely manner or at all, which may adversely affect our results of operations and reputation.

We may be unable to develop or successfully market new or commercially viable products and technologies or improve our existing products and technologies in a timely manner, or at all, in response to changes in market conditions.

We believe that our ability to continue to develop and launch new products is crucial to our continued success. We cannot guarantee that we will be successful in developing new products or that we will be able to identify promising product development opportunities. Development of new products and technologies, and improvements to existing products and technologies, requires substantial technical, financial and human resources. We conduct in-house research and development, and actively pursue collaborations with third parties in developing pipeline products. See "Business — Research and Development." However, we cannot assure you that such efforts will be able to deliver the intended results.

Even if we are able to develop new medical devices and obtain the necessary registration certificates to commercialize such products, we cannot guarantee that any new medical devices will be commercially successful or that such products will yield the anticipated returns to cover our investment. Medical technology is a rapidly developing and highly competitive field, with new breakthroughs occurring and new treatments and technologies being developed frequently. We cannot assure you that we will be able to respond to emerging market trends and introduce new products into the market in a timely and effective manner.

If we have difficulty launching new services, our reputation may be harmed and our financial results adversely affected. We have focused our product portfolio on microwave ablation medical devices. We cannot guarantee that microwave ablation treatments using our products, especially in the ablation of tumors in the thyroid, breast, lung and liver on which we focus, will not be replaced by more advanced or disruptive treatments or technologies. Moreover, our competitors may launch new and competing products before we do so, our competitors may market such products in a more effective manner, or our end customers may prefer their competitors' products. Our business may not continue to grow as expected, which could decrease demand for our products or cause such products to become obsolete. We may not be able to respond and adapt to the introduction of new treatments, products or technologies or develop products that continue to be in demand in response to changes in market conditions in a timely manner, in which case we may not be able to maintain or enhance our market share in the microwave ablation medical device industry, and our business, results of operations and prospects may be materially and adversely affected.

In addition, we may focus our efforts and resources on pipeline products or other potential technologies that are ultimately unsuccessful, and our business, financial condition and results of operations may be materially and adversely affected as a result.

There may be quality defects in our products, which may cause safety issues and expose us to potential product liability claims.

The design, manufacture and marketing of medical devices involve certain inherent risks. Our microwave ablation medical devices are designed to be used in surgeries and any quality defect may result in serious clinical incidents and product liability claims. Product liability claims against our products may include allegations of defects in design and manufacturing, improper handling or transportation of products, negligence, strict liability and breach of warranties. Although we have established measures to ensure the quality of our products, we may be subject to product liability claims if our products have latent quality issues

that were undetected during inspections and quality control. Even if our products do not have latent defects, other factors that are out of our control, such as the quality and skill of doctors using our products and the surgery methodology and the choice of products used during surgery, may affect the safety and outcome of the surgery. Patients may still initiate legal proceedings against us, and hospitals and doctors may claim, with or without merit, that our products have latent defects. Irrespective of the merits or eventual outcome, product liability claims may result in:

- decreased demand for our products;
- damage to our reputation;
- withdrawal of clinical trial participants;
- a diversion of management's time and attention and our resources;
- substantial monetary compensation to trial participants or patients;
- product recalls, withdrawals or marketing or promotion restrictions;
- loss of revenue;
- the inability to commercialize our pipeline products; and
- a decline in the trading price of the Ordinary Shares.

Furthermore, as we do not maintain product liability insurance, we will not be able to seek compensation under any insurance policy for losses sustained as a result of product liability claims. Product liability insurance for these types of claims is becoming more limited and we may also be unable to acquire such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise. In any such event, our business, financial condition and results of operations would be adversely and materially affected.

The growth and success of our business depends on our ability to successfully market our products to hospitals through tender processes.

Our future growth and success significantly depends on our ability to successfully market our products to hospitals, either directly or through deliverers or distributors. Our microwave ablation medical devices being sold to public hospitals are required to go through a standard public tender process established in some provinces and regions. of China. Other hospitals may organize their own tender process to select suppliers for medical devices. If our microwave ablation medical devices win the bids, such products would be qualified for future procurement by public hospitals in that particular region and the bidding prices would generally determine the maximum retail price of such products.

Our bids during the public tender process may not be successful and its products may not be chosen for a number of reasons, including where: (1) prices are not competitive; (2) our products fail to meet the technical or quality requirements imposed by the hospitals; (3) the products are less clinically effective than competing products; (4) our reputation is adversely affected by unforeseeable events; or (5) our quality of service or any other aspect of our operation fails to meet the relevant requirements. If we are unable to win the bids during the public tender process, our ability to expand its overall sales network may be limited, which may in turn materially and adversely affect our business and results of operations.

Relevant government authorities may require us to contribute additional social insurance premiums or housing provident funds, or may impose late payment fees or fines on us.

Pursuant to the relevant laws and regulations in the PRC, the PRC subsidiaries of us are required to open registration accounts for social insurance and the housing provident fund, in addition to making contributions to social insurance and the housing provident fund for its employees. The PRC subsidiary that is a party to the relevant employment contract, and not the branch office where the employee works, is required to make the social insurance and housing provident fund contributions. In 2021 and for the five months ended May 31, 2022, we have (1) engaged third-party human resource agencies to pay social insurance and housing provident funds for some of our employees; (2) failed to make full contributions to social insurance and the housing provident fund for some of our employees as required by the relevant PRC laws and regulations; and (3) Baide Suzhou, the entity that entered into employment contracts with our employees, failed to make the social

insurance and housing provident fund contributions for some of our employees. Instead, such contributions were made by Baide Suzhou's Guangdong branch office. As a result, our PRC subsidiaries may be required by the relevant authorities to pay the outstanding amount and could be subject to late payment penalties or an enforcement application made to the court. We have accounted for these historical inadequate contributions in its financial statements included elsewhere in this prospectus. In 2022 and 2023, the aggregate outstanding amount of social insurance and housing provident fund contributions were US$0.4 million and US$0.3 million, respectively. We have also arranged for the branch office of the relevant subsidiary to enter into new employment contracts with the relevant employees and have made the appropriate social insurance and housing provident fund contributions. We cannot assure you that the relevant local government authorities will not require that the relevant PRC subsidiaries pay the outstanding amount within a specified time frame, or that they will not impose late fees or fines, which may materially and adversely affect our financial condition and results of operations.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (the "Reform Plan"). Pursuant to the Reform Plan, starting on January 1, 2019, tax authorities shall be responsible for the collection of social insurance contributions in the PRC.

We rely on marketing service providers in the development and marketing of our products.

Our relationships with marketing service providers play an important role in our sales and marketing activities. We actively interact with doctors and marketing service providers to gain first-hand knowledge of unmet clinical needs, doctors' preferences and clinical practice trends, all of which are critical to our ability to develop new market-responsive products and improve our existing products. In addition, we engage marketing service providers as a part of our marketing strategy, which enables us to strengthen the promotion of our products to end-users by leveraging the sales and marketing expertise of these marketing service providers. See "Business — Branding and Marketing."

We cannot assure you that we will be able to maintain or strengthen our relationships with these industry participants, or that our efforts to maintain or strengthen such relationships will yield the successful development of new products or increased sales. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or choose to cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we consider in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Moreover, we cannot assure you that our marketing strategy will continue to be effective. If we are unable to develop new products or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We have relied on and expect to continue to rely on third parties to supply raw materials to manufacture microwave ablation medical devices, and our business could be harmed if we are unable to obtain such raw materials in sufficient quantities or at acceptable quality or prices.

Some of the principal materials used in our microwave ablation needles include metal, needles, needle connectors, plastic handles, coaxial cable and tube. The principal materials used in our microwave ablation therapeutic apparatus include a peristaltic pump, monitor, and various components and accessories of computers. In 2022 and 2023, we procured all raw materials in China and had three and four suppliers that contributed more than 10% of our total cost of revenues, respectively. Any disruption in production or the ability of our suppliers to produce adequate quantities to meet our needs could impair our ability to manufacture products as scheduled and adversely affect our business, financial condition and results of operations. This risk is magnified by the fact that we substantially rely upon the three major suppliers described above. Although our management believes that there are viable alternatives in the market that can meet our demands and needs at comparable price points and quality, and we maintain a list of qualified suppliers of key materials for microwave ablation medical devices which is reviewed and updated annually, there can be no assurance that we would be able to identify an alternative supplier or suppliers and obtain the necessary raw materials if there were a disruption in production or the ability of the three major suppliers described above to

produce adequate quantities to meet our needs. Moreover, as we expand the scale of our business and commercialize our medical devices, we will require larger quantities of raw materials, and we cannot guarantee that our current suppliers will be able to meet this demand. We are also exposed to the risk that the cost of raw materials will increase, and if we are unable to pass this increased cost on to its customers, its profitability will decrease. In addition, although we have implemented quality inspection procedures on such raw materials before they are used in the manufacturing process and requires our suppliers to maintain high quality standards, we cannot guarantee that we will detect all quality issues in the raw materials we use. We also cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or that they will comply with all applicable laws and regulations. Their failure to do so may lead to interruption in their business operations, which in turn may result in a shortage of the raw materials supplied to us. If we are unable to procure raw materials from alternative sources and the quality of our products suffers as a result, we may have to delay manufacturing and sales, recall products, defend against product liability claims, risk non-compliance with continuing regulatory requirements and incur significant costs to rectify such issue.

We are increasingly dependent on information technology and if we fail to effectively maintain or protect our information systems or data, including from data breaches, our business could be adversely affected.

We are increasingly dependent on sophisticated information technology for our products and infrastructure. Our business involves collecting and retaining certain internal and customer data. We also maintain information about various aspects of operations as well as regarding employees. The integrity and protection of customers, employees and company data is critical to the business and compliance with various privacy laws.

Our information systems, and those of third-party suppliers with whom we may contract, require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information technology, evolving systems and regulatory standards, changing threats and vulnerabilities, and the increasing need to protect customer information. In addition, given their size and complexity, these systems could be vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third-party vendors and/or business partners, or from cyber-attacks by malicious third parties attempting to gain unauthorized access to our products, systems or confidential information.

Like other corporations with international and expanding operations, we may experience instances of phishing attacks on email systems or other cyber-attacks, including state-sponsored cyber-attacks, industrial espionage, insider threats, computer denial-of-service attacks, computer viruses, ransomware and other malware, payment fraud or other cyber incidents. Our incident response efforts, business continuity procedures and disaster recovery planning may not be sufficient for all eventualities. If we fail to maintain or protect our information systems and data integrity effectively, it could:

- lose existing customers, vendors and business partners;
- have difficulty attracting new customers;
- have problems in determining product cost estimates and establishing appropriate pricing;
- suffer outages or disruptions in our operations or supply chain;
- have difficulty preventing, detecting, and controlling fraud;
- have disputes with customers, physicians, and other healthcare professionals;
- have regulatory sanctions or penalties imposed;
- incur increased operating expenses;
- be subject to issues with product functionality that may result in a loss of data, risk to patient safety, field actions and/or product recalls;
- incur expenses or lose revenues as a result of a data privacy breach; or
- suffer other adverse consequences.

While we have safeguards of our data and information technology in place, there can be no assurance that our activities related to upgrading and expanding our information systems capabilities, protecting and enhancing our systems and implementing new systems will be successful. We will continue to dedicate significant resources to protect against unauthorized access to our systems and work with government authorities to detect and reduce the risk of future cyber incidents; however, cyber-attacks are becoming more sophisticated, frequent and adaptive. Therefore, despite our efforts, we cannot assure that cyber-attacks or data breaches will not occur or that systems issues will not arise in the future. Any significant breakdown, intrusion, breach, interruption, corruption or destruction of these systems could have a material adverse effect on our business and reputation and could materially adversely affect our results of operations and financial condition.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We may be exposed to fraud, bribery or other misconduct committed by our employees, deliverers, distributors, customers, suppliers or other parties we cooperate. Any actual or alleged wrongdoing or misconduct, over which we may not have full control, could subject us to financial losses, sanctions imposed by governmental authorities and negative publicity. We cannot assure you that there will not be any instances of fraud, bribery, or other misconduct involving employees or other third parties that may have a material and adverse impact on our business and results of operations. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We, our shareholders, directors, officers, employees, distributors, deliverers, customers, suppliers or other parties we cooperate with may be subject to negative media coverage and publicity from time to time. Such negative media coverage and publicity could threaten our reputation. In addition, to the extent our employees or other business partners become non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. Any negative publicity regarding the industry we operate in could also affect our reputation and market's confidence in our brand and products. Additionally, if we are subject to any complications or alleged complications resulting from product defects, the responses of potential patients, physicians, the news media, legislative and regulatory bodies and others could materially reduce market acceptance of our microwave ablation medical devices. These responses or any investigations and potential resulting negative publicity may have a material adverse effect on our business and reputation and negatively impact the brand and financial condition, results of operations or the market price of the Ordinary Shares. In addition, significant negative publicity could result in an increased number of product liability claims against us. As a result, er may be required to spend significant time and incur substantial costs in response to allegations and negative publicity and may not be able to address such allegations and negative publicity to the satisfaction of our investors, customers, hospitals and doctors.

We may not be successful in implementing our business strategies.

Our business objectives and strategies as set out in this prospectus are based on our existing plans and intentions. However, our objectives and strategies are subject to the current circumstances and development trends of the industry currently known to us and assumptions that certain circumstances will or will not occur, as well as the risks and uncertainties inherent in various stages of development. There are significant challenges and uncertainties involved in our strategic plans, including whether (1) it will be able to complete these plans on schedule and within the anticipated budget, or at all; (2) it will be able to generate anticipated revenues and profits from these plans to cover its indebtedness, costs or contingent liabilities associated with such plans; and (3) these plans will be in line with market demand and national and local policies in the future. Our future prospects should be considered in light of the risks, expenses and difficulties which may be encountered by us in our various stages of development of business. We cannot assure you that we will be successful in implementing our strategies or that our strategies, even if implemented, will lead to successful achievement of our objectives.

The relationships between China and other countries may affect our business operations.

As part of our business strategy, we plan to expand our presence in foreign and emerging markets, including in the U.S., the European Union and Southeast Asia. According to the Frost & Sullivan Report, radiofrequency ablation was the largest sector of the tumor ablation therapy market in the U.S. and Europe in 2022, followed by microwave ablation, which comprised 21.9% and 27.3% of the overall tumor ablation therapy market in the U.S. and Europe in terms of revenue, respectively. The total addressable market for microwave ablation devices is projected to grow across various regions and cancer types and is expected to reach US$151.5 million in the U.S., US$110.2 million for thyroid cancer in Europe, US$9.5 million for breast cancer in Europe, and US$77.1 million in Southeast Asia by 2027, according to the Frost & Sullivan Report. The microwave ablation market in the U.S. is relatively concentrated with a few top market players, whereas the market in Europe is relatively fragmented. It is expected that the size of the microwave ablation therapy market in the U.S. and Europe will continue to grow over time. We intend to invest a total of approximately US$1.7 million in the clinical trials and applications for U.S. Food and Drug Administration ("FDA") clearance and CE mark status for selected devices. In the U.S., premarket notification (510(k)) was initiated and submitted to the FDA for review on July 28, 2023. On November 13, 2023, the FDA notified Baird Medical that its Microwave Ablation System and Disposable Microwave Ablation Needle were "substantially equivalent" to the submitted predicate devices for the indication of coagulation (ablation) of soft tissue (i.e., the FDA cleared both 510(k) submissions). In the European Union, the relevant certification documents are being prepared. We seek to obtain Conformité Européenne ("CE") certification in the European Union with indications for microwave ablation of thyroid nodules and breast nodules. In Southeast Asia, preliminary research and other preparatory work is underway. The specific registration filing timeline in Southeast Asia is to be determined depending on the timing of obtaining U.S. FDA and EU CE certification. Our business may therefore be subject to constantly changing economic, regulatory, social and political conditions in those foreign countries and regions. As a result, any additional tariff, import or export quota and/or governmental policies affecting the business activities between China and those foreign countries and regions may affect the prospects of establishing new distributorships and partnerships, expanding teams, making investments, registering our products, conducting clinical trials, commercializing our business and importing and exporting in these countries and regions.

For example, in 2019, the United States and China imposed new or higher tariffs on goods imported from each other. Though the United States and PRC governments have recently reached an agreement for phase one of a trade deal, it remains unclear what additional actions, if any, the United States and PRC governments will take in respect of their bilateral trade, and what the timing may be of any such actions. We are not able to predict the future trade policy of the United States or China, or the terms of any renegotiated trade agreements, or their impact on our business. We may be subject to higher taxes, tariffs and duties and may be affected by deteriorating trade and economic relationships, trade disputes and changing foreign policies, laws and regulations. Moreover, there can be no assurance that our potential business partners will not alter their perception of us or their preferences because of adverse changes to the relationships between China and foreign countries or regions. Any political tensions between China and such foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We have engaged in transactions with related parties, and such transactions present possible conflicts of interest that could have a material and adverse effect on our business, financial conditions and results of operations.

We have not entered into any transactions with related parties in 2021. However, we have some pre-existing related party transactions which remain outstanding and some recent related party transactions from 2023 and may in the future enter into additional transactions with entities in which customers of our management, board of directors and other related parties hold ownership interests. Below is a list of our related party transactions:

- In 2023, three of Betters Medical's preference shares holders elected to exercise their right to require Betters Medical, Haimei Wu and certain shareholders of Betters Medical, on a joint and several basis, to repurchase or purchase 100% of their preference shares (such holders, the "Electing Preference Shares Holders"). As a result, (1) in April 2023, Betters Medical paid (on behalf of Haimei Wu) RMB10,000,000, and on June 30, 2023, Betters Medical paid (on behalf of Haimei Wu) US$683,638.21 and Haimei Wu paid US$499,994.24, in each case, to one Electing Preference Shares Holder as total

consideration for the purchase by Haimei Wu of 192,411 Preference Shares, and (2) on June 30, 2023, Grand Fortune Capital (HK) Company Limited, an affiliate of GFC, purchased the remaining 641,371 preference shares held by the same Electing Preference Shares Holder for total consideration of US$8,712,178.41. The other two Electing Preference Shares Holders' repurchase requests remain outstanding.

- Haimei Wu, our Chairwoman and Chief Executive Officer, is the legal owner of the premises to which our Tianhe District Usage Certificate was granted, which premises are also co-occupied by the Guangdong branch office of Baide Suzhou.
- Our use of the Taicang Plant is conducted pursuant to a sublease agreement to which certain affiliated entities are parties.
- In addition, we are party to a Subscription Agreement dated June 30, 2021, and certain of our affiliates, as well as the Shareholders' Agreement.

Transactions with related parties present potential for conflicts of interest, as the interests of related parties may not align with the interests of our shareholders. Conflicts of interest may also arise in connection with the exercise of contractual remedies under these transactions, such as the treatment of events of default.

Our board of directors intends to authorize the audit committee to review and approve all material related party transactions. Under the laws of the Cayman Islands, our directors owe fiduciary duties to us, including a duty to act honestly and a duty to act in what they consider in good faith to be in our best interest. Our directors also have a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these standards are likely to be followed in the Cayman Islands. Nevertheless, we may have achieved more favorable terms if such transactions had not been entered into with related parties and these transactions, individually or in the aggregate, may have an adverse effect on our business and results of operations or may result in government enforcement actions or other litigation.

We may be subject to fines for our failure to comply with the relevant PRC laws and regulations relating to safety facilities.

According to the Supervision and Administration Rules of "Three Simultaneities" for the Safety Facilities of Construction Projects of the PRC, the safety facilities of a construction project must be designed, built and put into production and used simultaneously with the main part of the project. For the design of the safety facilities of a construction project, the business entity shall organize the examination thereof and form a written report for inspection. Before a construction project is put into production or used after completion, the business entity shall organize a review process of the safety facilities of the project and form a written report for inspection. The project may not be put into production or use until its safety facilities pass the review process.

We believe that, prior to our acquisition of one of its manufacturing facilities in Nanjing Changcheng in 2017, the facility commenced production without conducting the required Three Simultaneities procedures for the review of occupational hazards in the facility. The production facilities of Nanjing Changcheng had been put into production without conducting certain procedures required under PRC law when we acquired the Nanjing Changcheng facility in 2017. Although we relocated in 2021 to correct the non-compliance and submitted an application for approval in accordance with PRC law and procedures, we may still be penalized for the non-compliance of Nanjing Changcheng that occurred prior to our acquisition of Nanjing Changcheng.

We have established a series of policies and procedures with respect to health and work safety, and Nanjing Changcheng has been accredited as a third-grade enterprise of work safety standardization by the relevant government authorities. However, there is no assurance that such entities will not be subject to fines for the failure to comply with PRC requirements relating to safety facilities. If the relevant governmental authority is of the view that there are violations in the design, construction or completion acceptance of the safety facilities, the relevant governmental authority may impose a correction order requiring that the relevant

entities undertake rectification measures within a prescribed time, and a fine of no less than RMB5,000 and not exceeding RMB30,000 concurrently.

Any disruptions to the operation of manufacturing facilities could materially adversely affect our business, financial condition and results of operations.

The operation of manufacturing facilities may be substantially interrupted due to a number of factors, many of which are outside of our control, including but not limited to fires, floods, earthquakes, power outages, fuel shortages, mechanical breakdowns, terrorist attacks and wars, reductions in operations and/or worker absences due to health epidemics or pandemics (or local, state, or national reactions to such epidemics or pandemics), loss of licenses, certifications and permits, changes in governmental planning for the land underlying these facilities, and regulatory changes. In the event of an interruption in manufacturing, we may be unable to move quickly to alternate means of producing affected products or to meet customer demand.

Furthermore, our manufacturing facilities may be subject to inspections by the relevant government authorities as part of the process of maintaining or renewing the permits, licenses and certificates required for business and operations. We may be required to delay, suspend or cease manufacturing activities if they fail to pass these regulatory inspections, which will affect our ability to fulfill product orders and sell microwave ablation medical devices, and in turn, have a material and adverse effect on our business, financial condition and results of operations.

In addition, if contaminants are discovered in the raw materials used by us, our products or in our manufacturing facilities, our manufacturing facilities may need to be closed for extended periods of time to investigate and remedy such contamination. In these cases, we may be required to delay, suspend or cease our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our microwave ablation medical devices with the terms, quality and costs acceptable to them, or at all. Moreover, we may spend significant time and costs to remedy these deficiencies before they can continue production in their manufacturing facilities.

In addition, all of our business sites are leased from independent third parties. If these leases are terminated due to any challenges from third parties or urban renewal, etc., or otherwise not renewed upon expiration, we would need to seek alternative premises and incur unexpected and potentially significant relocation costs. While there have been no disputes raised or indemnification or liquidated damages claimed by the lessor as of December 31, 2023, we needed to relocate five subsidiaries' domicile, which is located at the same premises, as a result of the expiration of the lease agreement. Furthermore, one of our subsidiaries is located on a property which is utilized pursuant to a lease agreement which we may not be able to renew on commercially acceptable terms or at all upon the expiration, which may require us to also relocate this subsidiary's operations. Any such relocations could disrupt our operations and adversely affect its business, financial condition and results of operations.

Our future success depends on its ability to retain members of our management team and other key personnel and to attract, retain and motivate qualified personnel.

Our future success depends on the continued service of the key members of our directors and senior management. In particular, Haimei Wu, one of our founders, chief executive officer and chairperson of the board of directors, has over 20 years of experience in the medical devices industry. We believe that the expertise, industry experience and contributions of our executive directors and other members of our senior management are crucial to our success. If we lose any of our key management members and is unable to recruit and retain replacement personnel with equivalent qualifications or talent in a timely manner, the growth of our business could be adversely affected.

Our success also depends on our ability to attract and retain qualified and skilled management, technical, research and development, sales and marketing, production and other personnel. We cannot assure you that we will be able to attract, hire and retain sufficient personnel for our business. Baird Medical also cannot guarantee that any shortages in qualified and skilled personnel will not increase our staff costs as the competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them and consequently materially and adversely affect our financial condition and results of operations.

We may experience labor shortages or increases in labor costs.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. The increasing market competition may intensify the market demand and competition for qualified employees. If we face labor shortages or significant increase in labor costs caused by the intense competition, increase in employee turnover rates, increase in wages or other employee benefit costs or changes in the regulation of labor benefits and compensation in China, our operating costs could increase significantly, which could materially and adversely affect our results of operations.

We cannot assure you that labor disputes will not occur between us and our employees in the future. If such incidents do occur, we may incur settlement costs in order to resolve labor disputes and may be fined by governmental authorities for non-compliance with applicable labor laws. In addition, we may become subject to higher labor costs in the future when recruiting new employees due to the reputational damage caused by labor disputes. Such potential incidents could disrupt our operations, harm our reputation and divert the management's attention, which may have a material and adverse effect on our business, financial condition and results of operations.

We are subject to competition from domestic and international competitors and may not be able to compete effectively, and, as a result, our market share and profitability may be adversely affected.

We operate in a highly concentrated market. The medical technology industry is characterized by intense competition and rapid technological change, and we face competition from domestic and international competitors based on quality and functionality, clinical outcomes, prices, sales and marketing capabilities, the availability and cost of supply, corporate brand recognition and reputation and other factors. Some of our domestic and international competitors may have advantages over us on certain aspects, including but not limited to financial and other resources, complexity of products, corporate brand recognition, research and development, technical and manufacturing capabilities, human resources, sales network and technical training support. Our competitors may develop competing products, which can constitute perfect substitutes for medical devices offered by us, with lower cost and/or better effect. We may not be able to successfully compete with our competitors and cannot assure you that we will be able to demonstrate compelling advantages in quality, functionality, convenience and/or safety to overcome price competition and to be commercially successful.

In addition, although our revenue and profitability have largely depended on our ability to penetrate the domestic market, we expect to establish presence and increase sales in the global market in the future. As a result, we may face intense and uncertain competition and may not localize and compete successfully or effectively in the overseas markets, which may materially and adversely affect our prospects, business, results of operations and financial condition.

If we fail to accurately project demand for our microwave ablation medical devices, we may encounter problems of inadequate supply or oversupply, which would materially and adversely affect our financial condition, results of operations, and reputation.

We project demand for our microwave ablation medical devices based on rolling projections from our customers, our understanding of expected hospital procurement spending, our own reports based on our own due diligence, communications with customers, industry know-how, and customers' inventory levels, where available. Fluctuating sales and purchasing cycles of our customers, however, make it difficult for us to forecast future demand accurately at all times.

If we overestimate demand, it may purchase more raw materials or components than required. If we underestimate demand, we may have inadequate raw materials or product component inventories, which could interrupt our manufacturing and delay delivery and could result in lost sales. If we are unable to keep up the demand for our microwave ablation medical devices, physicians may turn to alternative treatment methods. Any inability by us to accurately predict the demand and to timely meet such demand could materially and adversely affect our financial conditions, results of operations and reputation.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted, and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes and supervision by regulatory authorities, including but not limited to various disputes with or claims from

suppliers, customers, business partners and other third parties that we engage for our business operations, and investigations or administrative proceedings. Threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert the management's attention and consume their time and other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to management. Furthermore, any litigation, legal or contractual disputes or supervision actions by regulatory authorities that are initially not of material importance may escalate and become material to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval of and commercialize product candidates and affect the revenue we may obtain.

In China, a number of legislative and regulatory changes and proposed changes regarding medical device industry may affect the approval processes of our pipeline products and the inclusion of certain approved activities in the regulatory supervision system, which could affect our ability to profitably sell products and any pipeline products for which we have obtained regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes in relation to the medical device industry, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue or attain profitability.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations will be modified, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be.

For example, in 2021, China started to initiate centralized procurement pilot programs in an effort to regulate prices of medical devices through group procurement at the provincial level. Our products are not currently covered by centralized national procurement, and we do not expect our products to be covered by the centralized national procurement in the short-to-midterm. However, it is out of our control as to whether or when the centralized national procurement will cover the types of products that it produces. If our products were to be covered by the centralized national procurement in the future, the price of these products may decrease, which could harm our profitability, if any increase in sales volume fails to fully compensate for such decrease in price.

In 2021, the National Medical Products Administration ("NMPA") issued the Guidelines for Review of Registration of Microwave Ablation Devices (the "Guidelines"), which subject microwave ablation needles to the requirements of Class III medical devices. Prior to the issuance of the Guidelines, we registered our microwave ablation needles as Class II medical devices. The Guidelines stipulate that, when a Class II medical device registration expires, it must be reapplied as a Class III registration if it is to remain effective. Therefore, after the registration for one of our Class II microwave ablation needles expired on March 25, 2023, we registered a Class III registration for such microwave ablation needle. When our other Class II medical device registration certificates for microwave ablation needles expire on January 13, 2025, we will comply with the Microwave MWA Equipment Guidelines and other applicable laws and regulations by reapplying for new Class III registration certificates.

Besides the above, pursuant to the 2023 Medical Device Registration Review Guidelines Preparation Plan issued by NMPA in April 2023, NMPA is planning on promulgating the Guideline for Clinical Evaluation and Registration Review of Thermal Ablation Treatment Systems (Radio Frequency, Microwave, etc.) of the Same Variety ("New Clinical Evaluation Guideline") in 2024. The New Clinical Evaluation Guideline has not been issued to date, and we cannot predict the content of the New Clinical Evaluation Guideline or the impact it will have on our business.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures. We maintain workers' compensation insurance to cover costs and expenses we may incur due to injuries to our employees caused by accidents. This insurance may not provide adequate coverage against potential liabilities under environmental, health and safety laws and regulations. We outsource the disposal of relevant hazardous waste to qualified independent third parties. In the event of contamination or personal injury resulting from exposure to or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed its resources.

We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. For example, our subsidiaries were previously determined to have not maintained the management ledger of the industrial solid waste of two manufacturing sites within the PRC, the Nanjing Plant and the Taicang Plant, in an accurate and complete manner, as required by PRC laws. Pursuant to PRC laws, such non-compliance events may result in our subsidiaries being subject to penalties ranging from RMB50,000 to RMB200,000 per violation, being requested to rectify the non-compliance and return any gains resulting from the non-compliance, and where the non-compliance is deemed serious, being ordered to suspend or close the Nanjing Plant or the Taicang Plant. With respect to our failure to maintain the management ledger of the industrial solid waste at the Nanjing Plant and the Taicang Plant, such non-compliance has been rectified and no penalties were imposed.

These current or future laws and regulations may impair our research and development or manufacturing activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Insurance coverage maintained by us may be inadequate to protect them from the liabilities that may incur.

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain different types of insurance policies, including social insurance for our employees and vehicle insurance. See "Business — Insurance." We have elected not to maintain certain types of insurances, such as litigation insurance, product liability insurance and business interruption insurance. This practice is in line with the industry practice in the PRC. The insurance coverage maintained by us may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or personnel beyond insurance coverage may result in us incurring substantial costs and a diversion of resources.

We may require a significant amount of capital to fund our operations and future growth, and such capital may not be available on acceptable terms, or at all. If we cannot obtain sufficient capital on reasonable terms, our business, financial conditions and prospects may be materially and adversely affected.

We may need to seek additional financing for our future operation and expansion, which may not be available at acceptable terms, or at all. Our operations require significant capital investment. In addition, we may also need additional funds to respond to business opportunities and challenges, including ongoing operating expenses, protecting intellectual property, satisfying debt payment obligations, developing new lines of business and enhancing operating infrastructure. We have historically financed our business activities primarily through cash generated from operations and through equity issuances. If we are unable to generate sufficient planned revenues from our sales and operating activities to satisfy our cash requirements, we may seek additional debt or equity financing or obtain a credit facility. The issuance of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness could result in increased debt service obligations, increased finance costs and operating and financing covenants that would restrict our operations and liquidity and negatively impact our financial performance. Our ability to obtain additional capital on acceptable terms is subject to, among other things, investors' perception of and demand for our securities, our financial performance and leverage, and the economic, market, political and regulatory conditions in the PRC. No assurance can be given that necessary funds will be available for us to finance our development on acceptable terms, if at all. Any failure by us to raise additional funds that are necessary for our operations on terms favorable to us could have a material adverse effect on our liquidity and financial condition.

We may seek additional funding through a combination of equity offerings, debt financings and collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of the Ordinary Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of the Ordinary Shares to decline. We may be required to accept unfavorable terms in a financing transaction, including relinquishing or licensing to a third party on unfavorable terms its rights to technologies or product candidates that we otherwise would seek to develop or commercialize by ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

The discontinuation or reduction of any of the preferential tax treatments or government incentives or grants currently available to us could reduce its profitability.

Pursuant to the PRC Enterprise Income Tax Law ("EIT Law"), that became effective in January 2008 and was amended in February 2017 and December 2018, as well as its implementing rules, the EIT rate generally applicable in the PRC has been 25%. However, Nanjing Changcheng and Baide Suzhou, PubCo's principal operating subsidiaries, have been accredited as a High and New Technology Enterprise under the relevant PRC laws and regulations since 2020 and 2021, respectively. Accordingly, Nanjing Changcheng and Baide Suzhou were entitled to a preferential tax treatment of 15% the fiscal years ended December 31, 2022 and 2023.

Based on the Measures for the Administration of the Certification of High-tech Enterprises, a company which is qualified as a High and New Technology Enterprise could have preferential tax treatment, and it shall satisfy the following standards to obtain the "High and New Technology Enterprise" qualification: (1) the enterprise has been registered for not less than one year; (2) the enterprise shall own intellectual property rights of technologies which show core support to their key products (services) in the past three years; (3) the technologies which show core support to their key products (services) shall fall within the scope in the High-tech Fields as specified by the relevant regulation; (4) the number of R&D personnel shall account for not less than 10% of the total number of employees of the enterprise for the current year; (5) the proportion of its total R&D expenditure in the past three fiscal years to its total sales revenue during the same period shall meet the following requirements: (a) if the sales revenue of the enterprise in the latest year is not more than 50 million yuan, the proportion shall not be less than 5%; (b) if the sales revenue of the enterprise in the latest year is more than 50 million yuan but not more than RMB200 million, the proportion shall not be less than 4%; (c) if the sales revenue of the enterprise in the latest year is more than RMB200 million, the proportion shall not be less than 3%. In particular, the proportion of the total R&D expenses incurred within China to the total R&D expenses shall not be less than 60%; (6) the enterprise's revenue from high-tech products (services) shall account for not less than 60% of its total revenue in the latest year; (7) the evaluation of innovative capacity of the enterprise shall satisfy the corresponding requirements; and (8) no major safety accident, major quality accident or serious environmental violation of law occurs within one year before the enterprise applies for certification.

The term of this qualification is three years, and during its validity, if the tax authority finds (through daily management or inspection process) that the company no longer meets the foregoing standards, the authority shall request the relevant certification authority to conduct a reexamination. If a company is confirmed upon reexamination not meeting the certification standards, the company shall be disqualified as the "High and New Technology Enterprise" and will be asked to repay the reduced tax to the authority.

Moreover, according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, for enterprises engaging in R&D activities, the Super Deduction ratio is 75% from January 1, 2018 to September 30, 2022. From October 1, 2022 onwards, the Super Deduction ratio is 100%. In addition, the Super Deduction ratio for outsourced R&D expenses is 80%. Two of our PRC subsidiaries have claimed such Super Deduction in ascertaining its tax assessable profits in 2022 and 2023. If we fail to maintain or renew the High and New Technology Enterprise accreditation or if any of the preferential tax treatments or government

grants discontinue or reduce, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Failure to maintain and predict inventory levels in line with demand for our microwave ablation medical devices could cause us to lose sales or face excess inventory risks and holding costs.

We maintain an inventory level based on anticipated product demand and production schedule. In 2022 and 2023, our inventory turnover days were 109 days and 104 days, respectively. We cannot guarantee that we will be able to maintain proper inventory levels for our microwave ablation medical devices and raw materials. Inventory levels in excess of product demand may result in inventory write-downs, expiration of products and increase in inventory holding costs. Conversely, we may experience inventory shortages if we underestimate demand for our microwave ablation medical devices, which may result in unfilled orders and have a negative impact on our relationship with hospitals, deliverers and distributors. Historically, to manage its inventory level, deliverers and our distributors are obligated by contract to provide monthly reports on their inventory levels and sales performance and cooperate with us on inventory checks. Nonetheless, we have not enforced this contractual right in order to maintain a positive working relationship with such parties and protect the sensitive business information contained in such data. Further, since we do not have full visibility of the business operations of our deliverers and distributors, we are unable to verify such inventory reports when provided. Instead, we mainly rely on our own monthly reports which are based on our own due diligence, communication with deliverers and distributors, and industry know-how to track the estimated inventory levels of our microwave ablation medical devices of our deliverers and distributors, and predict the sales trends of such devices. Based on such arrangement, we are not aware of any material amount of unsold inventory held by our distributors. However, there is no assurance that the information contained in our monthly reports, or the monthly reports provided by the deliverers and distributors, are accurate. As a result, we may not be able to predict customers' preferences and anticipate the real market demands of our products. Any incorrect forecast or anticipation of market trends may negatively affect our ability to effectively manage its inventory and sales strategies, business performance and financial condition.

We may not be able to protect our intellectual property rights.

We believe that our success depends in large part on our ability to protect our proprietary technologies by obtaining intellectual property rights, including patent rights. The medical device industry in which we operate is characterized by extensive intellectual property litigation and, from time to time, we might be the subject of claims by third parties of potential infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert the time and effort of management and operating personnel from other business issues.

We primarily focus on protecting our intellectual property rights in China. Our internal policies require all our employees to comply with confidentiality and non-competition obligations. We cannot assure you that such policies will not be breached, or that our employees or other third parties have not disclosed, or will not disclose, any of our proprietary know-how to our competitors or others. We may not have adequate remedies for any breach and cannot assure you that our proprietary know-how will not otherwise become known to, or be independently developed by, our competitors.

Proceedings to enforce our intellectual property and proprietary rights could result in substantial costs and divert management's efforts and attention from other aspects of our business, could put our patents at risk of being invalidated, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. Damages may not be fully proved in patent litigation to defend intellectual property rights, we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop.

Moreover, competitors may use our technologies in jurisdictions outside of the PRC where we have not obtained patent protection or where available patent protection is inadequate. These products may compete with our products or pipeline products and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from doing so.

Under the patent law of the PRC, a patent owner may be compelled to grant licenses to third parties under certain circumstances, which could materially diminish the value of such patent. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

Our intellectual property may be subject to further priority disputes, inventorship disputes or similar proceedings.

We may be subject to claims from our research and development partners or other third parties who may claim to have an interest in its patents or other intellectual property. For example, we entered into certain R&D related agreements that do not specify the circumstances under which the ownership of the intellectual property jointly developed will be vested in us, which may lead to potential disputes in the future. Such agreements include, but are not limited to, the framework collaboration agreement with Xiamen Institute of Rare Earth Materials ("Xiamen Institute"), the R&D-related agreement with Nanjing Forest University, and the agreements related to our other R&D efforts and clinical trials. The cooperation agreement with Zhuhai People's Hospital also stipulates that the ownership of the research results are jointly owned and that neither party shall transfer or license-out without the consent of the other party, which may pose obstacles for us to utilize the intellectual property arising from this agreement. Additionally, we have applied for patent rights for the research results from our collaboration with Xiamen Institute without purchasing from or obtaining the written consent of Xiamen Institute, and although we have an informal agreement with Xiamen Institute for the right to apply such patent in our own name and the unobstructed right to enjoy the use of said patent, which may cause us to be liable for breach of an implied contract.

If we are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions), we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we are unsuccessful in any inventorship disputes to which it is subject, we may lose valuable intellectual property rights, such as exclusive ownership. If we are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture and commercialization of one or more of our products. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

Counterfeits of our products may reduce demand for our products and harm our reputation and business.

Certain medical devices and accessories may be manufactured, distributed or sold under our brand names in our target markets without proper license or authorization, or may be mislabeled with respect to their actual usage or manufacturers. These products are generally referred to as counterfeit products. The regulatory control and law enforcement system in relation to the counterfeit products in the PRC may not be able to eliminate the manufacturing and sales of counterfeit products imitating our products. Since counterfeit products in many cases have very similar appearances compared with the authentic products but are generally sold at lower prices, counterfeits of our products may quickly erode the demand for our products. In addition, those that use counterfeit products may be at risk due to a number of serious quality and safety issues, which would harm our reputation, business and prospects. We cannot guarantee that there will not be any counterfeit of our products in the future, or that we will be able to identify and handle counterfeit issues effectively and in a timely manner, or at all, in which case our business and reputation may be materially and adversely affected.

We may be unable to obtain and maintain effective patent and other intellectual property rights for our products and pipeline products, and the scope of such intellectual property rights obtained may not be sufficiently broad.

Effective protection of intellectual property is critical to maintaining our competitive position. As of January 4, 2024, we possessed, as sole owner or co-owner, a total of 47 registered patents in China and Better

made applications for 33 additional patents. For a full description of these patents and patent applications, see "Business — Intellectual Property." However, due to the complexity of patent application, the issuance of a patent may not be conclusive as to its inventorship, scope, validity or enforceability, and our patent applications may be challenged in courts or patent offices. Consequently, we do not know whether any of our technologies or products will be protectable or remain protected by valid and enforceable patents. Currently, we have one patent application that is not governed by any written joint ownership agreement. Pursuant to PRC laws, in the absence of an explicit agreement between the parties, either co-owner has the statutory right to exploit and non-exclusively license the patent as well as to share royalties. If we are unable to obtain patent protection with respect to our technologies and products, third parties could develop and commercialize technologies and products similar or identical to our and compete directly against us. Our ability to successfully commercialize any technology or product may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed. Changes in the patent laws in China may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents or whether the claims of any future granted patents will provide sufficient protection from competitors.

Furthermore, although various extensions may be available, the life of a patent and the protection it affords, are limited. Even if we successfully obtain patent protection for an approved product, we may face competition from other microwave ablation medical device providers once the patent has expired.

Our patent rights relating to our products and technologies may be found to be invalid or unenforceable.

Despite measures we take to obtain patent protection with respect to our major products and technologies, any of our granted patents could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our products, the defendant could counterclaim that our patent is invalid and/or unenforceable. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, or perhaps all, of the patent protection on a product or technology. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit its ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on one or more of our major products and technologies and our business.

If third parties claim that we infringe upon, misappropriate or violate their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the affected product.

The microwave ablation medical device industry in the PRC is litigious with respect to patents and other intellectual property. Companies operating in the industry we operate in routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. We face the risk of claims that we have infringed on, misappropriated or violated third parties' intellectual property rights in China. As of September 7, 2022, we have engaged Tian Yuan Law Firm to undertake an intellectual property due diligence exercise in the PRC to assess whether our commercial products or processes would and has infringe any third-party patents. Although we were satisfied that the identified concerns are low-risk items, we would not be able to guarantee the absence of any future infringement claims from any third-parties, or that our products would not be infringed by third-parties. In addition, there can be no assurance that our employees or the co-authors of our intellectual property rights have not used, or will not use in the future, third parties' proprietary know-how or trade secrets in their work for or with us, especially during the course of research and development, which could result in litigation against us. Prior to developing major new products, our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, misappropriation or violation, even those without merit, could:

- be expensive and time consuming to defend;

- result in us being required to pay significant damages to third parties;
- cause us to cease making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products, if feasible;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;
- divert the attention of our management; or
- result in hospitals and doctors terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on patents and patent applications are due to be paid to the China National Intellectual Property Administration (the "CNIPA") and other patent agencies in several stages over the lifetime of a patent. The CNIPA and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent application process.

Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We have in the past lost rights to one or more patents for failure to comply with the various renewal requirements and fees necessary to maintain those rights. As of January 4, 2024, we held 47 patents (including 16 patents of Changcheng Nanjing and 31 patents of Baide Suzhou), which are all in effect, compliant with PRC patent law and free from any right defects. For a full description of these patents, see "Business — Intellectual Property."

If our trademarks, trade names and other proprietary rights are not adequately protected, we may not be able to build name recognition in its markets of interest and our business may be adversely affected.

We own a number of trademarks in China for our brand name. As of December 31, 2023, we had registered 20 trademarks in China (and an affiliate has two trademarks used by us), which we believe are material to our business. All of our microwave ablation medical devices are offered to the market under our brand name. Our registered or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. Some of our distributors may use our trademarks and brand name when conducting sales and marketing activities. We may not be able to prevent unauthorized use of our trademarks and trade names by distributors, which may harm our brand and reputation. At times, competitors may adopt trade names or trademarks similar to our, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected. Moreover, we cannot assure you that our trademarks will not be imitated, or there will be no counterfeits sold to our customers under our trademarks. End users may suffer from safety incidents caused by counterfeit products, which may subject us to costly investigations and counterfeit crack downs, and materially and adversely affect our business and reputation. Our efforts to enforce or protect our

proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

We may be required to repurchase our previously issued convertible redeemable preference shares.

On June 30, 2021, several independent third parties entered into pre-IPO subscription agreements with Betters Medical and certain other parties (the "Pre-IPO Subscription Agreements"), pursuant to which such independent third parties (the "Preference Shares Holders") subscribed for an aggregate of 1,269,500 convertible redeemable preference shares ("Preference Shares") of Betters Medical. According to the Shareholders' Agreement among Betters Medical, Haimei Wu, Preference Shares Holders and certain other parties dated July 5, 2021 (the "Shareholders' Agreement"), the Preference Shares Holders have the right to require Betters Medical, Haimei Wu and certain shareholders of Betters Medical on a joint and several basis, to repurchase all or part of the Preference Shares they hold at a price ("Repurchase Price") equal to the sum of (i) the original subscription price for the Preference Shares, (ii) an amount sufficient to afford the Preference Shares Holders' internal rate of return of 15% calculated on compound basis as of the date of payment of the Repurchase Price, and (iii) all costs and disbursements reasonably incurred by relevant Preference Shares Holders in connection with such repurchase. Upon our listing on the Nasdaq Stock Market, all issued and outstanding Preference Shares shall be automatically converted into such number of ordinary shares at a conversion ratio specified in the subscription agreements.

In 2023, three of the Preference Shares Holders elected to exercise their rights and required Betters Medical, Haimei Wu and certain shareholders of Betters Medical, on a joint and several basis, to repurchase 100% of the preference shares each held. As a result, (1) in April 2023, Betters Medical paid (on behalf of Haimei Wu) RMB10,000,000, and on June 30, 2023, Betters Medical paid US$683,638.21 (on behalf of Haimei Wu) and Haimei Wu paid US$499,994.24, in each case, to one Electing Preference Shares Holder as total consideration for the purchase by Haimei Wu of 192,411 Preference Shares, and (2) on June 30, 2023, Grand Fortune Capital (HK) Company Limited, an affiliate of GFC, purchased the remaining 641,371 preference shares held by the same Electing Preference Shares Holder for total consideration of US$8,712,178.41. A second Electing Preference Shares Holder transferred 62,261 shares to other shareholders for the consideration amount of RMB6,249,031.83, and the remaining 23,806 shares will continue to be held by such Electing Preference Shares Holder. Such Electing Preference Shares Holder is no longer requesting redemption. The repurchase request of the third Electing Preference Shares Holder remains outstanding. The expenditure of cash that may be necessary to repurchase the 174,825 Preference Shares held by such Electing Preference Shares Holder, which was valued at RMB17.8 million as of September 30, 2023, may adversely affect our financial position.

A severe or prolonged downturn of the global economy, or of the Chinese economy, could materially and adversely affect our business and our financial condition.

Substantially all of our operations are currently located in China, and all of our revenue was generated in China in 2021 and 2022. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by the political, economic and social conditions in China generally and by the continued economic growth in China as a whole, as well as the global economy.

The COVID-19 pandemic had a severe and negative impact on the global economy and the global macroeconomic environment was facing challenges, including the end of quantitative easing by the U.S. Federal Reserve, the economic slowdown in the Eurozone since 2014, uncertainties over the impact of Brexit and the ongoing global trade disputes and tariffs. The growth of the Chinese economy has slowed down since 2012 compared to the previous decade and the trend may continue. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) growth was 6.1% in 2019, 2.3% in 2020, and 8.1% in 2021. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. In addition, there is uncertainty about the future relationship between China and the United States with respect to trade policies, treaties, government relations and tariffs between the two countries. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China, as elsewhere, are sensitive to global economic conditions, changes in domestic economic and political policies and expected or perceived overall economic growth rates. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

The continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. We cannot assure that there will not be any unfavorable changes in the Chinese economy that could impact the industry in which we operate, which could in turn diminish the demand for our products.

If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the Ordinary Shares may be materially and adversely affected.

Prior to the Business Combination, we have been a private company with limited accounting and financial reporting personnel and other resources with which we address our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the audits of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified the following material weaknesses in our internal control over financial reporting: lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address certain accounting issues and to prepare and review financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements; and lack of comprehensive accounting policies and procedures manual in accordance with U.S. GAAP and documented controls which enable management and other personnel to understand and carry out their internal control responsibilities.

Our independent registered public accounting firm has not conducted an audit of its internal control over financial reporting. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of its internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any weakness in our internal control over financial reporting. To remedy the identified material weaknesses, we have adopted and will adopt further measures to improve our internal control over financial reporting. As a remedial measure, we engaged an external consulting firm to perform U.S. GAAP conversion of its PRC financial statements. Following the listing, we formed an audit committee such that the internal audit department of us will be monitored by our leadership as part of our internal control. In addition, we intend to recruit qualified staff who will be able to assist us with fulfilling our financial reporting requirements. We also may incur significant costs to execute various aspects of the remediation plan but cannot provide a reasonable estimate of such costs at this time. However, we cannot assure you that these measures may fully address the material weaknesses and deficiencies in our internal control over financial reporting or that we may conclude that they have been fully remediated.

We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our second annual report on Form 20-F after becoming a public company. In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting our own independent testing, may issue an adverse opinion on the effectiveness of internal control over financial reporting if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations

may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of the Ordinary Shares, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate its financial statements from prior periods.

We will incur increased costs as a result of being a public company.

As a public company, we incur significant legal, accounting and other expenses. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. Operating as a public company will make us more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers.

After we re no longer an "emerging growth company," we may incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC.

Certain industry data and information in this prospectus were obtained from third-party sources and were not independently verified by us.

This prospectus contains certain industry data and information obtained from third-party sources. We have not independently verified the data and information contained in such third-party publications and reports. Data and information contained in such third-party publications and reports may be collected using third-party methodologies, which may differ from the data collection methods used by us. In addition, these industry publications and reports generally indicate that the information contained therein is believed to be reliable, but do not guarantee the accuracy and completeness of such information.

Statistical data in these publications also include projections based on a number of assumptions. The microwave ablation medical devices industry may not grow at the rates projected by market data, or at all. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions. Material slowdown of the flexible workspace industry against the projected rates may have material and adverse effects on our business.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control in the future may have a material adverse effect on our business, financial condition and results of operations.

Our business is primarily subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Our business could also be under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), and COVID-19. In response to the COVID-19 pandemic, the PRC government implemented a series of disease containment and treatment measures until the end of 2022, as a result of which business activities and hospital

services in China were temporarily disrupted. In addition, to assist in the COVID-19 containment measures, some hospitals temporarily prioritized the resources for urgent medical treatments and delayed clinical trials and treatments for non-urgent medical conditions, including, microwave ablation treatments of thyroid nodules and breast lumps. While we consider the effect of the COVID-19 pandemic on our business to be relatively limited in 2021 and 2022, there is no guarantee that we would fare similarly in the event of a future external event of comparable scale, such as a severe weather event, famine, or disease outbreak, and any such event may result in material disruptions our operations, which in turn may materially and adversely affect our financial condition and results of operations.

Risks Related to Doing Business in China

The PRC government has significant authority to exert influence on the China operations of an offshore holding company, and offerings conducted overseas and foreign investment in China-based issuers, such as us. Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, results of operations, financial condition, and the value of our securities.

We conduct our business in China and substantially all of our assets are located in China. Accordingly, our business, results of operations and financial condition may be influenced to a significant degree by the PRC political, economic and social conditions. The PRC government may intervene or influence our operations at any time, which could result in a material change in our operations and/or the value of our securities.

The economic, political and social conditions in China differ from those of the countries in other jurisdictions in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises. These reforms have resulted in significant economic growth and social prospects. However, a substantial portion of productive assets in China is still owned by the government. The PRC government exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions, providing preferential treatment to particular industries or companies, or imposing industry-wide policies on certain industries. Economic reform measures may also be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country, and there can be no assurance that the Chinese government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

While the Chinese economy has experienced significant growth in the past four decades, growth has been uneven, both geographically and among various sectors of the economy. Various measures implemented by the PRC government to encourage economic growth and guide the allocation of resources may benefit the overall Chinese economy, but may also have a negative effect on us. Our results of operations and financial condition could be materially and adversely affected by government control over capital investments, foreign investment or changes in applicable tax regulations. The PRC government has also implemented certain measures in the past, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our business, results of operations and financial condition. In addition, the COVID-19 pandemic may also have a severe and negative impact on the Chinese economy. Any severe or prolonged slowdown in the rate of growth of the Chinese economy may adversely affect our business and results of operations, leading to reduction in demand for our products and adversely affect our competitive position.

Additionally, the PRC government may promulgate laws, regulations or policies that seek to impose stricter scrutiny over, or completely revise, the current regulatory regime in certain industries or in certain activities. For instance, the PRC government has significant discretion over the business operations in China and may intervene with or influence specific industries or companies as it deems appropriate to further regulatory, political and societal goals, which could have a material and adverse effect on the future growth of the affected industries and the companies operating in such industries. Furthermore, the PRC government has

also recently indicated an intent to exert more oversight and control over overseas securities offerings and foreign investments in China-based companies. Any such actions may adversely affect our operations, and significantly limit or completely hinder our ability to offer or continue to offer securities to you and cause the value of our securities to significantly decline or be worthless.

Our ability to successfully maintain or grow business operations in China depends on various factors, which are beyond our control. These factors include, among others, macro-economic and other market conditions, political stability, social conditions, measures to control inflation or deflation, changes in the rate or method of taxation, changes in laws, regulations and administrative directives or their interpretation, and changes in industry policies. If we fail to take timely and appropriate measures to adapt to any of the changes or challenges, our business, results of operations and financial condition could be materially and adversely affected.

Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could significantly limit or completely hinder our ability in capital raising activities and materially and adversely affect our business and the value of your investment.

On December 28, 2021, the CAC, jointly with 12 other governmental authorities, promulgated the revised Cybersecurity Review Measures (2021), which became effective on February 15, 2022. According to the Cybersecurity Review Measures (2021), critical information infrastructure operators that intend to purchase internet products and services which have or may have an adverse effect on national security must apply for cybersecurity review. Meanwhile, online platform operators holding personal information of over one million users that intend to list their securities on a foreign stock exchange must apply for cybersecurity review. In the meantime, the governmental authorities have the discretion to initiate a cybersecurity review on any data processing activity if they deem such a data processing activity affects or may affect national security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Transfer of Data, which took effect on September 1, 2022. These measures aim to regulate cross-border transfers of data, requiring among other things, that data processors that provide data overseas apply to CAC for security assessments if: (1) data processors provide important data overseas; (2) critical information infrastructure operators or data processors process personal information of more than one million individuals provide personal information to overseas parties; (3) data processors that have cumulatively provided personal information of 100,000 people or sensitive personal information of 10,000 people to overseas since January 1 of the previous year, provide personal information to overseas parties; or (4) other scenarios required by the CAC to apply for security assessments occur. In addition, these measures require data processors to carry out self-assessments of risks of providing data overseas before applying to the CAC for security assessments. As of the date of this prospectus, the Measures for the Security Assessment of Cross-Border Transfer of Data has not materially affected our business or results of operations. Since the Measures for the Security Assessment of Cross-Border Transfer of Data was newly enacted, there remain substantial uncertainties about its interpretation and implementation, and it is unclear whether the relevant PRC regulatory authority would reach the same conclusion as us.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration released the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Archives Rules"), which became effective on March 31, 2023. The Archives Rules regulate both overseas direct offerings and overseas indirect offerings, providing that, among other things:

- in relation to the overseas listing activities of PRC enterprises, the PRC enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities;
- during the course of an overseas offering and listing, if a PRC enterprise needs to publicly disclose or provide to securities companies, securities service providers or overseas regulators, any materials that contain relevant state secrets, government work secrets or information that has a sensitive impact (i.e., be detrimental to national security or the public interest if divulged), the PRC enterprise should complete the relevant approval/filing and other regulatory procedures; and

- working papers produced in the PRC by securities companies and securities service providers, which provide PRC enterprises with securities services during their overseas issuance and listing, should be stored in the PRC, and competent PRC authorities must approve the transmission of all such working papers to recipients outside the PRC.

Given that the above-mentioned newly promulgated laws, regulations and policies were recently promulgated or issued, and some of them have not yet taken effect, their interpretation, application and enforcement are subject to substantial uncertainties. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

We believe that we are not subject to the cybersecurity review, since (i) as companies that engaged in medical device manufacturing, we are unlikely to be classified as a CIIO under the PRC Cybersecurity Law and the Security Protection Measures on Critical Information Infrastructure promulgated by the State Council on July 30, 2021; and (ii) we possess personal information of less than one million users. However, it remains uncertain as to how the existing regulatory measures will be interpreted or implemented in the future, and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the measures, which may have a material adverse impact on our future capital raising activities, or even retrospectively, on the Business Combination and the listing of our securities on Nasdaq. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we face uncertainty as to whether any review or other required actions can be timely completed, or at all. Given such uncertainty, we may be further required to suspend our business or to face other penalties, which could materially and adversely affect our business, results of operations and financial condition, and/or the value of our securities, or could significantly limit or completely hinder our ability to offer securities to investors.

Adverse changes in economic and political policies of the PRC government could negatively impact China's overall economic growth, which could materially adversely affect our business.

We conduct substantially all of operations through the PRC subsidiaries. Accordingly, our business, financial condition, results of operations and prospects depend significantly on economic developments in China. China's economy differs from the economies of most other countries in many respects, including the amount of government involvement in the economy, the general level of economic development, growth rates and government control of foreign exchange and the allocation of resources.

While the PRC economy has grown significantly over the past few decades, this growth has remained uneven across different periods, regions and economic sectors. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any actions and policies adopted by the PRC government could negatively impact the Chinese economy, which could materially adversely affect our business.

Uncertainties in the interpretation and enforcement of PRC laws, rules and regulations could materially adversely affect our business.

We face risks arising from the legal system in China, including risks and uncertainties regarding the interpretation and enforcement of laws and that rules and regulations in China can change quickly with very short notice.

The PRC legal system is based on written statutes. Unlike under common law systems, decided legal cases have limited value as precedents in subsequent legal proceedings. In 1979, the PRC government began to publish a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures) in particular. These laws, regulations and legal requirements are relatively new and often change, and their interpretation and enforcement may raise uncertainties that could limit the reliability of the legal protections available to us. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, and which may have retroactive effect. As a result, we may not be aware of violation of these policies and rules until after the violation occurs.

We cannot predict future developments in the PRC legal system. We may need to procure additional permits, authorizations and approvals for our operations, which we may not be able to obtain. Our inability to obtain such permits or authorizations may materially adversely affect our business, financial condition and results of operations.

Administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities retain significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection that we may enjoy. These uncertainties may impede our ability to enforce contracts and could materially adversely affect our business, financial condition and results of operations.

The filing with the CSRC may be required in connection with future overseas fund-raising activities, and we cannot predict whether we will be able to obtain such approval or complete such filing.

On August 8, 2006, six PRC regulatory agencies jointly adopted M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include, among other things, provisions that require that an offshore special purpose vehicle formed for the purpose of an overseas listing of equity interests in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's equity securities on an overseas stock exchange. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles and to the Business Combination.

The regulations also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

While the application of the M&A Rules remains unclear, we believe that the CSRC approval under the M&A Rules is not required in the context of the Business Combination, because (1) the PRC Subsidiaries are incorporated as a wholly foreign-owned enterprise by means of foreign direct investments rather than by merger with or acquisition of any PRC domestic companies owned by PRC companies or individuals as defined under the M&A Rules and (2) no explicit provision in the M&A Rules clearly classifies the contractual arrangements among WFOE, the VIE and the VIE's shareholders as an acquisition falling under the M&A Rules. However, there can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severely Cracking Down on Illegal Securities Activities. According to Law, which emphasized the need to strengthen administration over illegal securities activities and supervision of overseas listings by China-based companies. The Opinions proposed promoting regulatory systems to deal with risks facing China-based overseas-listed companies, and provided that the State Council will revise provisions regarding the overseas issuance and listing of shares by companies limited by shares and will clarify the duties of domestic regulatory authorities.

On December 27, 2021, NDRC and MOFCOM jointly issued the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2021 Version) (the "Negative List"), which became effective and replaced the previous version on January 1, 2022. According to the Negative List, domestic enterprises engaging in businesses in which foreign investment is prohibited shall obtain approval from the relevant authorities before offering and listing their shares on an overseas stock exchange. In addition, certain foreign investors shall not be involved in the operation or management of the relevant enterprise, and shareholding percentage restrictions under relevant domestic securities investment management regulations shall apply to such foreign investors.

Since none of our PRC subsidiaries engages in businesses in which foreign investment is prohibited, we believe that our PRC subsidiaries are not required to obtain such approval under the Negative List. However,

the abovementioned newly promulgated laws, regulations and policies were recently promulgated or issued, and have not yet taken effect (as applicable), their interpretation, application and enforcement are subject to substantial uncertainties, and uncertainties remain regarding the interpretation and implementation of the new rules and regulations.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (the "Overseas Listing Trial Measures") and circulated five supporting guidelines, which became effective on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (1) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (2) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. In addition, the Overseas Listing Trial Measures provide that the direct or indirect overseas listings of the assets of domestic companies through one or more acquisitions, share swaps, transfers or other transaction arrangements shall be subject to filing procedures in accordance with the Overseas Listing Trial Measures, which filing shall be submitted within three business days after the issuer submits its application documents relating to the initial public offering and/or listing or after the first public announcement of the relevant transaction (if the submission of relevant application documents is not required). The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

Guidance for Application of Regulatory Rules — Overseas Offering and Listing No.1, promulgated by CSRC together with the Overseas Listing Trial Measures, provides that if a domestic enterprise completes an overseas offering through an overseas special purposes acquisition company, it shall submit the filing materials within three business days after such overseas special purposes acquisition company publicly announces such acquisition transaction. In addition, according to the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Enterprises promulgated by CSRC on its official website on February 17, 2023, the companies that have already been listed on overseas stock exchanges prior to March 31, 2023 or the companies that have obtained the approval from overseas supervision administrations or stock exchanges for its offering and listing prior to March 31, 2023 and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing, but are required to make filings for subsequent offerings in accordance with the Overseas Listing Trial Measures. Companies that have already submitted an application for an initial public offering to overseas supervision administrations but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing prior to March 31, 2023 may arrange for the filing within a reasonable time period and should complete

the required CSRC filing procedure, the completion of which will be published on the CSRC website, before such companies' overseas issuance and listing. We completed the filing procedures in connection with the Business Combination under the Overseas Listing Trial Measures on January 2, 2024, and the result of such CSRC approval was posted on the official website of the CSRC on the same date. We are not required to complete the CSRC filing procedures and obtain the CSRC approval under the Overseas Listing Trial Measures in connection with the resale of Registered Securities as described in this prospectus, because the resale of Registered Securities, including the Ordinary Shares issuable from the exercise of Warrants, does not involve the issuance of new securities of our Company that have not been previously included in our filing with the CSRC in connection with the Business Combination.

Pursuant to the Overseas Listing Trial Measures, we may need to complete filing procedures for future offshore fund-raising activities, including conducting follow-on offering in the United States. We may not be able to complete the filing procedures, obtain the approvals or authorizations, or complete required procedures or other requirements in a timely manner, or at all, and may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies as a result. These regulatory agencies may impose penalties on us, including forced rectification, warning and fines from RMB1,000,000 to RMB10,000,000 against us, and could materially hinder our ability to raise fund overseas.

In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us, or otherwise tighten the regulations on overseas listing of PRC domestic companies. If it is determined that our future offshore fund-raising activities is subject to any CSRC approval, filing, other governmental authorization or requirements, we cannot assure you that we could obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition.

We may be liable for improper use or appropriation of personal information provided by our customers.

Our business involves collecting and retaining certain internal and customer data. We also maintain information about various aspects of our operations as well as regarding our employees. The integrity and protection of customer, employee and company data are critical to our business. Our customers and employees expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect, and to take adequate security measures to safeguard such information.

The PRC regulatory requirements regarding cybersecurity are evolving. For instance, various regulatory bodies in China, including the CAC, the Ministry of Public Security and the State Administration for Market Regulation (the "SAMR") have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. In April 2020, the Chinese government promulgated the Cybersecurity Review Measures, which came into effect on June 1, 2020. According to the Cybersecurity Review Measures, operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security.

In July 2021, the CAC and other related authorities released the draft amendment to the Cybersecurity Review Measures for public comments through July 25, 2021, the final version of which became effective on February 15, 2022. Any other non-compliance with the related laws and regulations may result in fines or other penalties, including suspension of business, website closure, removal of our applications from the relevant application stores, and revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions against us, which may materially adversely affect our business, financial condition or results of operations.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which took effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information.

As uncertainties remain regarding the interpretation and implementation of these laws and regulations, there can be no assurance that we will comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. We may also become subject to fines and/or other sanctions which may materially adversely affect our business, operations and financial condition.

While we have taken various measures to comply with applicable data privacy and protection laws and regulations, our current security measures and those of our third-party service providers may not always be adequate for the protection of customers, employees or company data. We may be a target for computer hackers, foreign governments or cyber terrorists in the future.

Unauthorized access to our proprietary internal and customer data may be obtained through break-ins, sabotage, breach of secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of the networks of third-party service providers, or other misconduct. Because the techniques used by computer programmers who may attempt to penetrate and sabotage proprietary internal and customer data change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques.

Unauthorized access to our proprietary internal and customer data may also be obtained through inadequate use of security controls. Any of such incidents may harm our reputation and adversely affect our business and results of operations. In addition, we may be subject to negative publicity about security and privacy policies, systems, or measurements. Any failure to prevent or mitigate security breaches, cyber-attacks or other unauthorized access to our systems or disclosure of our customers' data, including their personal information, could result in loss or misuse of such data, interruptions to the service system, diminished customer experience, loss of customer confidence and trust or impairment of technology infrastructure, and harm our reputation and business, resulting in significant legal and financial exposure and potential lawsuits.

Compliance with any additional laws, along with the push for comprehensive data protection regulation, could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with customers and business partners. Any failure by us or our business partners to comply with applicable regulations could result in regulatory enforcement actions against us and adversely impact our reputation.

PRC regulations relating to investments in offshore companies by PRC residents may subject PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect our business and financial condition.

On July 4, 2014, SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Administration on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles ("Circular 37"). Circular 37 replaced the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Reverse Investment Activities of Domestic Residents Conducted Through Offshore Special Purpose Companies ("Notice 75"), which became effective on November 1, 2005.

Circular 37 stipulates that prior to establishing or assuming control of an offshore company (the "Offshore SPV"), for financing that Offshore SPV with assets of, or equity interests in, an enterprise in the PRC, each PRC resident (whether a natural or legal person) who is a beneficial owner of the Offshore SPV must complete prescribed registration procedures with the local branch of SAFE. Pursuant to Circular 37, PRC residents must amend their SAFE registrations under certain circumstances, including upon any injection of equity interests in, or assets of, a PRC enterprise to the Offshore SPV or upon any material change in the capital of the Offshore SPV (including a transfer or swap of shares, a merger or division).

On February 13, 2015, SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment ("Notice 13"). Notice 13 states that local PRC banks will examine and handle foreign exchange registrations for overseas direct investment, including the initial foreign exchange registration and amendment registration, from June 1, 2015. However, substantial

uncertainties remain with respect to the interpretation and implementation of this notice by governmental authorities and banks.

On December 26, 2017, the NDRC issued the Measures for the Administration of Overseas Investment of Enterprises ("Measures 11"), which became effective from March 1, 2018. Measures 11 states that PRC enterprises must obtain approval from the NDRC or file with the NDRC their offshore investments made through controlled Offshore SPVs.

Pursuant to the Measures 11 and the Measures for the Administration of Outbound Investment published by the MOFCOM in September 2014, any outbound investment of PRC enterprises must be approved by or filed with MOFCOM, NDRC or their local branches. State-owned enterprises may also be required to complete approval or filing procedures with state-owned assets supervision and administration authorities with respect to certain outbound direct investments.

We have requested that our current shareholders and beneficial owners who, to our knowledge, are PRC residents complete the foreign exchange registrations and that those who, to our knowledge, are PRC enterprises comply with outbound investment related regulations. However, we may not be fully aware of the identities of beneficial owners who are PRC residents. We do not have control over our beneficial owners and cannot guarantee that all of our beneficial owners who are PRC residents will comply with the requirements under Circular 37 or related SAFE rules, or other outbound investment related regulations.

If any of our beneficial owners who are PRC residents fail to comply with Circular 37 or related SAFE rules or other outbound investment related regulations, the PRC Subsidiaries could be subject to fines and legal penalties. Failure to comply with Circular 37 or related SAFE rules or other outbound investment related regulations could be deemed as evasion of foreign exchange controls and subject us to liability under PRC law. As a result, SAFE could restrict our foreign exchange activities, including dividends and other distributions made by our PRC subsidiaries to us and our capital contributions to our PRC subsidiaries.

If any of our beneficial owners who are PRC residents fail to comply with Measures 11, the investments of such beneficial owners could be subject to suspension or termination, while such beneficial owners could be subject to warnings or applicable criminal liabilities. Any of the foregoing could materially adversely affect our operations, acquisition opportunities and financing alternatives.

Failure to comply with the registration requirements for employee stock ownership plans or share option plans may subject us and our PRC equity incentive plan participants to fines and other legal or administrative sanctions.

Pursuant to Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employee of the PRC Subsidiaries of overseas companies may submit applications to SAFE or its local branches for foreign exchange registration before exercising rights. Our directors, executive officers and other employees who are PRC residents that have been granted options may follow Circular 37 to apply for foreign exchange registration.

We and our directors, executive officers and other employees who are PRC residents that have been granted options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed company, issued by SAFE in February 2012. According to the Notice, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC residents must register with SAFE through a domestic qualified agent and complete certain other procedures.

Failure to complete SAFE registrations may subject our employees, directors, supervisors and other management members participating in our stock incentive plans to fines and legal sanctions or limit our PRC subsidiaries' ability to distribute dividends to us. Failure to complete SAFE registrations may also limit our ability to make payments under the share incentive plans or receive dividends or sales proceeds related thereto, or to contribute additional capital into our PRC subsidiaries. In addition, we face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law and may therefore be subject to PRC income tax.

Under the PRC Enterprise Income Tax Law effective from January 1, 2008 and last amended on December 29, 2018, as well as its implementation rules effective from January 1, 2008 and amended on April 23, 2019, an enterprise established outside of the PRC with a "de facto management body" in the PRC is considered a resident enterprise and will be subject to a 25% enterprise income tax on its global income. The implementation rules define the term "de facto management body" as an establishment that carries out substantial and overall management and control over the manufacturing and operations, personnel, accounting and properties of an enterprise.

The State Administration of Taxation has issued guidance, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those, such as us, controlled by foreign enterprises or individuals.

However, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation's general position on how the "de facto management body" test should determine the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. We may be considered a PRC tax resident under the new tax law and may become subject to the uniform 25% enterprise income tax on their global income, which could materially adversely affect their results of operations.

Dividends payable to foreign investors and gains on the sale of the Ordinary Shares by foreign investors may become subject to PRC tax law.

Under the PRC Enterprise Income Tax Law and its implementing rules, in general, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises that do not have an establishment or place of business in the PRC, or have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, in each case to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of the Ordinary Shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in relevant tax treaties, if such gain is regarded as income derived from sources within the PRC.

If we are deemed as a PRC resident enterprise, dividends paid on the Ordinary Shares, and any gain realized from the transfer of the Ordinary Shares, will be treated as income derived from sources within the PRC and be subject to PRC taxation. Furthermore, if we are deemed as a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of the Ordinary Shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties.

If we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether holders of the Ordinary Shares can claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to non-PRC investors or gains from the transfer of the Ordinary Shares by such investors are subject to PRC tax, the value of your investment in the Ordinary Shares may decline significantly.

Our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises ("Circular 7"), which replaced or supplemented certain previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (the "Circular 698"), issued by the State Administration of Taxation on December 10, 2009. Circular 7 sets out a wider scope of indirect transfer of PRC assets that might be subject to PRC enterprise income tax. Circular 7 also includes detailed guidelines regarding when such indirect transfer is considered to lack a bona fide commercial purpose and thus regarded as avoiding PRC tax. On October 17, 2017, the SAT issued the Announcement on Issues Relating to

Withholding at Source of Income Tax of Non-resident Enterprises (the "SAT Circular 37"), which came into effect on December 1, 2017 and was amended on June 15, 2018. SAT Circular 37 further clarifies the practices and procedures for withholding non-resident enterprise income tax.

The conditional reporting obligation of the non-PRC investor under Circular 698 is replaced by a voluntary reporting by the transferor, the transferee or the underlying PRC resident enterprise transferred. Using a "substance over form" principle, PRC tax authorities may disregard the existence of the overseas holding company if the company lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, currently at a rate of 10%, and the transferee has an obligation to withhold tax from the sale proceeds.

Gains from the sale of shares by investors through a public stock exchange are not subject to the PRC enterprise income tax pursuant to Circular 7 where such shares were acquired in a transaction through a public stock exchange.

There remains uncertainty as to the application of Circular 7 and the SAT Circular 37. PRC tax authorities may determine that Circular 7 and the SAT Circular 37 are applicable to offshore restructuring transactions or sale of the shares of offshore subsidiaries where non-resident enterprises, as the transferors, were involved. PRC tax authorities may pursue such non-resident enterprises with respect to a filing regarding the transactions and request our PRC subsidiaries to assist in the filing.

As a result, our non-resident subsidiaries in such transactions may risk being subject to filing obligations or being taxed under Circular 7 and the SAT Circular 37, unless it can be justified that the transactions are of reasonable business purposes such as group restructuring or other allowed circumstances. Practically, there has been no major transaction of similar nature challenged by the PRC tax authorities. However, given the increasingly tightened tax administration in China and the uncertainties under Circular 7, we cannot assure you that there is no tax reporting or settlement risk for such transactions.

We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

Baird Medical Investment Holdings Limited is a Cayman Islands holding company with no Chinese operations. We rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur.

Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries are required to set aside at least 10% of its accumulated profits each year, after making up previous years' accumulated losses, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As a result of these laws, rules and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to the imposition of restrictions and limitations on the ability of our subsidiaries to transfer cash or assets. While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between Baird Medical Investment Holdings Limited and our Hong Kong subsidiary, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiary in the future,

and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to interventions in or the imposition of restrictions and limitations on our ability to transfer funds or assets by the PRC government. Furthermore, we cannot assure you that the PRC government will not impose restrictions on Baird Medical Investment Holdings Limited and its subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong.

The Enterprise Income Tax Law enacted by the National People's Congress, which became effective on January 1, 2008, and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See "— Risks Related to Doing Business in China — Our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies."

Any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Governmental control of currency conversion may limit the ability of us to utilize our net revenues effectively and our ability to transfer cash among the group, across borders, and to investors and affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Our PRC subsidiaries receive substantially all of their net revenue in Renminbi. Under the current corporate structure, we primarily rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have.

The Renminbi is convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from or for our onshore subsidiaries. Certain PRC Subsidiaries may purchase foreign currency for settlement of "current account transactions" without the approval of SAFE by complying with certain procedural requirements.

However, PRC governmental authorities may limit or eliminate the ability of our PRC subsidiaries to purchase foreign currencies for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities.

Since a significant amount of our PRC subsidiaries' revenue is denominated in Renminbi, any existing and future restrictions on currency exchange may limit their ability to utilize cash generated in Renminbi to fund their business activities outside of the PRC or pay dividends in foreign currencies to the shareholders, including holders of the Ordinary Shares. These restrictions may also limit our ability to obtain foreign currency through debt or equity financing for our PRC subsidiaries.

Fluctuations in the value of the Renminbi may materially adversely affect your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may announce further changes to the exchange rate system, and the Renminbi may appreciate or depreciate significantly against the U.S. dollar. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar.

Significant revaluation of the Renminbi may materially adversely affect your investment. For example, to the extent that we need to convert U.S. dollars received from offshore financing activities into Renminbi for the operations of our PRC subsidiaries, appreciation of the Renminbi against the U.S. dollar would decrease the Renminbi amount that we would have received from the conversion. Conversely, if we convert Renminbi into U.S. dollars for the purpose of making payments for dividends on the Ordinary Shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amount available to us.

Limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. As of the date of this prospectus, we have not entered into any material hedging transactions to reduce our exposure to foreign currency exchange risk. While we may enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and we may not be able to adequately hedge our exposure. In addition, currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Trading in our securities on any U.S. stock exchange or the U.S. over-the-counter market may be prohibited under the HFCAA if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our securities, or the threat of being delisted, may materially and adversely affect the value of your investment.

We are subject to a number of prohibitions, restrictions and potential delisting risk under the HFCAA. Pursuant to the HFCAA and related regulations, if we have filed an audit report issued by a registered public accounting firm that the PCAOB has determined that it is unable to inspect and investigate completely, the SEC will identify us as a "Commission-identified Issuer," and the trading of our securities on any U.S. national securities exchange, as well as any over-the-counter trading in the United States, will be prohibited if we are identified as a Commission-identified Issuer for two consecutive years.

In August 2022, the PCAOB, the CSRC and the Ministry of Finance of the PRC signed a Statement of Protocol, which establishes a specific and accountable framework for the PCAOB to conduct inspections and investigations of PCAOB-governed accounting firms in mainland China and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. On December 29, 2022, the Consolidated Appropriations Act, which the Accelerating Holding Foreign Companies Accountable Act forms a part, was signed into law, and it officially reduced the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two, and thus, would reduce the time before an applicable issuer's securities may be prohibited from trading or delisted.

Our auditor, Marcum Asia CPAs LLP, an independent registered public accounting firm that headquartered in the United States, is currently subject to the PCAOB inspections on a regular basis and was not identified in the determination report made by the PCAOB on December 16, 2021. However, whether the PCAOB will re-evaluate its determination as a result of any obstruction with the implementation of the Statement of Protocol in the future is subject to uncertainties and depends on a number of factors out of our and our auditor's control. The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and to pursue ongoing investigations and initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. If the PCAOB is unable to inspect and investigate completely registered public accounting firms located in China and we fail to retain another registered public accounting firm that the PCAOB is able to inspect and investigate completely in 2024 and beyond, or if we otherwise fail to meet the PCAOB's requirements, the Ordinary Shares will be delisted from the Nasdaq Stock Market, and our shares will not be permitted for trading over the counter in the United States under the HFCAA and related regulations.

The enforcement of the PRC Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and results of operations. Failure to make adequate contributions to employee benefit plans as required by PRC regulations may subject us to penalties.

The Standing Committee of the National People's Congress enacted the Labor Contract Law in 2008, and amended it on December 28, 2012. The Labor Contract Law introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous PRC labor laws.

Under the Labor Contract Law, an employer must sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Furthermore, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract, with certain exceptions, must have an unlimited term, subject to certain exceptions.

With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, PRC governmental authorities have introduced various new labor-related regulations since the effectiveness of the Labor Contract Law. Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds. Employers must apply for social insurance registration and open housing fund accounts for the employees and are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees. See "— Risks Related to Our Business and Industry — Relevant government authorities may require us to contribute additional social insurance premiums or housing provident funds, or may impose late payment fees or fines on us."

As the interpretation and implementation of these regulations are evolving, employment practices of the PRC Subsidiaries and the Affiliated Entities may not be at all times deemed in compliance with the regulations. As a result, these entities could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

There are uncertainties under the PRC laws relating to the procedures for U.S. regulators to investigate and collect evidence from companies located in the PRC.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For instance, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism.

According to Article 177 of the PRC Securities Law (the "Article 177"), which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without PRC government approval, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted outside of China. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. Furthermore, as of the date of this prospectus, there have not been implementing rules or regulations regarding the application of Article 177, and, accordingly, it remains unclear as to how it will be interpreted, implemented or applied by relevant government authorities. As such, there are also uncertainties as to the procedures and requisite timing for the overseas securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. If the U.S. securities regulatory agencies are unable to conduct such investigations, there exists a risk that they may determine to suspend or de-register our registration with the SEC and may also delist our securities from trading market within the United States. See also "— Risks Related to Our Securities and this Offering — You may face difficulties in

protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the law of the Cayman Islands, and will conduct substantially all of our operations in China, and a majority of our directors and executive officers will reside outside of the United States."

Risks Related to Our Securities and this Offering

The price of our securities may be volatile, and the value of our securities may decline.

We cannot predict the prices at which our securities will trade. The price of our securities may not bear any relationship to the market price at which our securities traded immediately after the Business Combination or to any other established criteria of the value of our business and prospects, and the market price of our securities may fluctuate substantially and may be lower than the price agreed by ExcelFin and us in connection with the Business Combination. In addition, the trading price of our securities has been and is likely to continue to be volatile, and could fluctuate widely in response to various factors, some of which are beyond its control. For example, the high and low closing prices of our Ordinary Shares since the completion of the Business Combination were $6.00 and $2.72, respectively. The volatility of and fluctuations in the trading price of our Ordinary Shares could cause you to lose all or part of your investment. Factors that could cause fluctuations in the trading price of our securities include the following:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our business;
- announcements by our or our competitors of significant business developments, acquisitions or new offerings;
- sales of our securities by our shareholders or warrant holders, including the sales of the Registered Securities as described in this prospectus, as well as the anticipation of lockup releases;
- significant breaches of, disruptions to or other incidents involving our information technology systems or those of our business partners;
- our involvement in material litigation;
- conditions or developments affecting the medical technology industry in China;
- changes in senior management or key personnel;
- the trading volume of our securities;
- general economic and market conditions; and
- other events or factors, including those resulting from war, incidents of terrorism, global pandemics or responses to these events.

The process of taking a company public by means of a business combination with a special purpose acquisition company is different from taking a company public through an IPO and may create risks for our unaffiliated investors.

A conventional initial public offering (an "IPO") involves a company engaging underwriters to purchase its shares and resell them to the public. An underwritten offering imposes statutory liability on the underwriters for material misstatements or omissions contained in the registration statement unless they are able to sustain the burden of proving that they did not know and could not reasonably have discovered such material misstatements or omissions. This is referred to as a "due diligence" defense and results in the underwriters undertaking a detailed review of an IPO company's business, financial condition and results of operations. Going public via a business combination with a special purpose acquisition company, such as ExcelFin, does not involve any underwriters and may therefore result in less careful vetting of information that is presented to the public.

In addition, going public via a business combination with a special purpose acquisition company does not involve a bookbuilding process as is the case in an IPO. In any IPO, the initial value of a company is set by investors who indicate the price at which they are prepared to purchase shares from the underwriters. In the case of a business combination involving a special purpose acquisition company, the value of the target company is established by means of negotiations between the target company and the special purpose acquisition company. The process of establishing the value of a target company in a business combination may be less effective than an IPO bookbuilding process and also does not reflect events that may have occurred between the date of the business combination agreement and the closing of the transaction. In addition, while IPOs are frequently oversubscribed, resulting in additional potential demand for shares in the aftermarket following an IPO, there is no comparable process of generating investor demand in connection with a business combination between a target company and a special purpose acquisition company, which may result in lower demand for our securities after the Closing, which could in turn decrease liquidity and trading prices as well as increase trading volatility.

The Warrants to purchase the Ordinary Shares will increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.

Upon the consummation of the Business Combination, outstanding ExcelFin Warrants were assumed by us and converted into corresponding warrants to purchase an aggregate of 11,500,000 Ordinary Shares. The Assumed Public Warrants will not become exercisable until 30 days after the Closing, and will expire five years after the completion of the Business Combination. Each Assumed Public Warrant entitles the holder thereof to purchase one Ordinary Share at a price of US$11.50 per whole share, subject to adjustment. The Assumed Public Warrants may be exercised only for a whole number of the Ordinary Shares. To the extent such warrants are exercised, additional Ordinary Shares will be issued, which will result in dilution to the then-existing holders of the Ordinary Shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of the Ordinary Shares. The exclusive forum provision in the amended and restated warrant agreement can result in increased costs to investors to bring a claim.

The warrant agreement relating to the Assumed Public Warrants provides that we agree that any action, proceeding or claim against us arising out of or relating in any way to such agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and that we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This exclusive forum provision could limit Assumed Public Warrant holders' ability to obtain what they believe to be a favorable judicial forum for disputes related to the A&R Warrant Agreement.

In connection with the Business Combination, we entered into the A&R Warrant Agreement on October 1, 2024, which relates to the Assumed Public Warrants. The A&R Warrant Agreement provides that any action, proceeding or claim against us arising out of or relating in any way to such agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, which will be the exclusive forum for any such action, proceeding or claim. This provision will apply to claims under the Securities Act but, as discussed below, will not apply to claims under the Exchange Act.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision in the A&R Warrant Agreement will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Accordingly, the exclusive forum provision does not designate the courts of the State of New York as the exclusive forum for any derivative action arising under the Exchange Act, as there is exclusive federal jurisdiction in that instance.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, the enforceability of the exclusive forum provision in the A&R Warrant Agreement is uncertain, and a court may determine that such provision will not apply to suits brought to enforce any duty or liability created by the Securities Act or any other claim for which the federal and state courts have concurrent

jurisdiction. Further, compliance with the federal securities laws and the rules and regulations thereunder cannot be waived by investors in our securities.

The exclusive forum provision in the A&R Warrant Agreement may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes related to the A&R Warrant Agreement, which may discourage such lawsuits against us and our directors or officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

Our Warrants may never be in the money, and they may expire worthless.

The exercise price for our Warrants is US$11.50 per share (subject to adjustment as described herein), which exceeds the closing price of the Ordinary Shares of US$2.87 per share on November 13, 2024. The likelihood that warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of the Ordinary Shares. If the market price for the Ordinary Shares is less than US$11.50 per share, we believe warrant holders will be unlikely to exercise their Warrants, and we are unlikely to receive proceeds from the exercise of Warrants.

We may redeem your unexpired Assumed Public Warrants prior to their exercise at a time that is disadvantageous to you, thereby making your Assumed Public Warrants worthless.

After the Closing, we have the ability to redeem the outstanding Assumed Public Warrants at any time after they become exercisable and prior to their expiration, at a price of US$0.01 per warrant, if, among other things, the last reported sale price of the Ordinary Shares equals or exceeds $18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like). If and when the Assumed Public Warrants become redeemable, we may exercise such redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Assumed Public Warrants as described above could force you to (1) exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (2) sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (3) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is expected to be substantially less than the market value of the Assumed Public Warrants.

Sales of the Registered Securities, or the perception of such sales, by the Selling Securityholders pursuant to this prospectus in the public market or otherwise could cause the market price for our Class A Ordinary Shares to decline.

The sale of the Registered Securities in the public market or otherwise, including sales pursuant to this prospectus, or the perception that such sales could occur, could increase the volatility of the market price of the Ordinary Shares or result in a significant decline in the public trading price of the Ordinary Shares. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Resales of the Registered Securities may cause the market price of our securities to drop significantly, even if our business is doing well.

Although a portion of the securities being registered for resale by certain Selling Securityholders named in the prospectus are subject to a six-month or one-year lock-up period from October 1, 2024, subject to certain exceptions, these shares will, upon expiration of such lock-up period, become eligible for resale without contractual restrictions. Following the expiration of the applicable lock-up period described in this prospectus and as restrictions on resale end and registration statements are available for use, the market price of the Ordinary Shares could decline if the holders of restricted or locked-up shares sell them or are perceived by the market as intending to sell them. As such, sales of a substantial number of the Ordinary Shares in the public market could occur at any time following the expiration of the applicable lock-up period described in this prospectus. These sales, or the perception in the market that the holders of a large number of Registered Securities intend to sell such shares, could reduce the market price of the Ordinary Shares.

This prospectus relates to the potential offer and sale from time to time by the Selling Securityholders of up to 33,832,033 Ordinary Shares, including (1) 27,463,627 Ordinary Shares held by Betters Medical, which were issued to Betters Medical valued at $10.20 per share; such number of Ordinary Shares will be distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure; (2) 6,028,406 Sponsor Shares, comprising (x) 5,750,000 Ordinary Shares exchanged from 5,750,000 ExcelFin Class A Common Stock purchased by the Sponsor at a price of approximately $0.004 per share; and (y) 278,406 Ordinary Shares converted from the aggregate outstanding balance of certain working capital loans provided to ExcelFin by the Sponsor and its affiliates at a conversion price of $10.20 per share; (3) 50,000 Ordinary Shares currently held by Cohen, which were issued to Cohen valued at $10.00 per share; and (4) up to 290,000 Ordinary Shares by GFC upon conversion of 290,000 GFC Shares acquired by GFC in a private placement concurrently with the closing of the Business Combination at $10.00 per share in accordance with the terms of the Amended and Restated Articles of Association of the Company.

Subject to the lock-up restrictions described in this prospectus under the section titled "Plan of Distribution," and assuming the Earnout Shares will be vested, the Registered Securities being offered for resale pursuant to this prospectus by the Selling Securityholders include up to 33,832,033 Ordinary Shares, constituting (on a post-exercise basis) approximately 71.1% of our issued and outstanding Ordinary Shares as of the date of this prospectus (assuming the exercise of all of our outstanding Warrants and full conversion of GFC Shares into 290,000 Ordinary Shares). Despite a potential decline in the public trading price of the Ordinary Shares, certain Selling Securityholders may still experience a positive rate of return on the securities that they sell pursuant to this prospectus as they have acquired the securities registered hereunder at prices substantially below current market prices, and may therefore have an incentive to sell their securities. For example, based on the closing price of our Ordinary Shares at $2.87 on November 13, 2024, the holders of Sponsor Shares may experience a potential profit of up to $2.866 per share; and certain shareholders of Betters Medical following the Pro Rata Distribution may experience a potential profit of up to $2.68 per share. The holders of Public Warrants may experience a potential profit on their Warrants if the price of our Ordinary Shares exceeds $11.50 per share.

Public securityholders who purchased our securities at higher prices than the Selling Securityholders may experience lower rates of return (if any) than the Selling Securityholders, due to differences in purchase price and the potential trading price at which they may be able to sell. Given the substantial number of the Registered Securities for potential resale by the Selling Securityholders pursuant to this prospectus, the sale of the Registered Securities by the Selling Securityholders, or the perception in the market that the Selling Securityholders may or intend to sell all or a significant portion of the Registered Securities, could increase the volatility of the market price of our Ordinary Shares or result in a significant decline in the public trading price of our Ordinary Shares.

We are a foreign private issuer, and as such are not subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We currently report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including, among others, (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time, and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year, and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Stock Market corporate governance listing standards.

Our securities are listed on the Nasdaq Stock Market. The Nasdaq Stock Market corporate governance listing standards permit a foreign private issuer such as us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market corporate governance listing standards.

For instance, we are not required to:

- have a majority of the board be independent;
- have a compensation committee or a nominations and corporate governance committee consisting entirely of independent directors; or
- have regularly scheduled executive sessions with only independent directors each year.

We do not intend to have a majority of the board be independent or hold annual meeting of shareholders. We may also continue to rely on this and other exemptions available to foreign private issuers in the future, and to the extent that we choose to do so, our shareholders may be afforded less protection than they otherwise would have under the Nasdaq Stock Market Rules applicable to U.S. domestic issuers.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the law of the Cayman Islands, and will conduct substantially all of our operations in China, and a majority of our directors and executive officers will reside outside of the United States.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct a majority of our operations through our PRC subsidiaries. Substantially all of our assets are located outside of the United States. A majority of our officers and directors reside outside the United States and a substantial portion of the assets of those persons are located outside of the United States. As a result, it could be difficult or impossible for you to bring an action against the us or against these individuals outside of the United States in the event that you believe that your rights have been infringed upon under the applicable securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC could render you unable to enforce a judgment against the relevant assets or the assets of the relevant directors and officers.

In addition, our corporate affairs are governed by our Amended and Restated Memorandum and Articles of Association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of investors to take action against our directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws than the United States. Some U.S. states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies (save for the memorandum and articles of association, the register of mortgages and charges, and special resolutions of our shareholders). Our directors have discretion under the Amended and Restated Memorandum and Articles of Association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but we are not obliged to make them available to the shareholders. This may

make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder's motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers. See "— As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Stock Market corporate governance listing standards."

As a result of all of the above, our shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as Public Shareholders of a company incorporated in the United States.

The Amended and Restated Memorandum and Articles of Association contain certain provisions, including anti-takeover provisions that limit the ability of shareholders to take certain actions and could delay or discourage takeover attempts that shareholders may consider favorable.

The Amended and Restated Memorandum and Articles of Association contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that shareholders may consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for the Ordinary Shares, and therefore depress the trading price of the Ordinary Shares. These provisions could also make it difficult for shareholders to take certain actions, including electing directors who are not nominated by us or taking other corporate actions, including effecting changes in our management. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management.

A market for our securities may not develop or be sustained, which would adversely affect the liquidity and price of our securities.

The price of our securities has fluctuated and may continue to fluctuate significantly due to the market's reaction to our financial performance, results of operations and general market and economic conditions. A substantial amount of our Ordinary Shares are subject to transfer restrictions following the Business Combination. An active trading market for our securities may not be sustained. In addition, the price of our securities may vary due to general economic conditions and forecasts, our general business condition and the release of its financial reports. Additionally, if our securities are delisted from the Nasdaq Stock Market and are quoted on over-the-counter market, the liquidity and price of our securities may be more limited than if our securities were quoted or listed on the Nasdaq Stock Market or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market or competitors, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline.

The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or competitors. If any of the analysts who may cover us change their recommendation regarding our securities adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst who may cover us were to cease their coverage or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our securities to decline.

Additional disclosure requirements to be adopted by and regulatory scrutiny from the SEC in response to risks related to companies with substantial operations in China could increase our compliance costs, subject it to additional disclosure requirements, and/or suspend or terminate our future securities offerings, resulting in difficulties in our capital-raising efforts.

On July 30, 2021, in response to the recent regulatory developments in China and actions adopted by the PRC government, the Chairman of the SEC issued a statement asking the SEC staff to seek additional disclosures from offshore issuers associated with China-based operating companies before their registration statements will be declared effective. As such, we may be subject to additional disclosure requirements and review that the SEC or other regulatory authorities in the United States may adopt for companies with China-based operations, which could increase our compliance costs, subject us to additional disclosure requirements, and/or suspend or terminate our future securities offerings, resulting in difficulties in our capital-raising efforts.

The issuance of additional share capital in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders.

We expect to issue additional share capital in the future that will result in dilution to all other shareholders. We also expect to grant equity awards to key employees under the 2024 Equity Incentive Plan. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, solutions or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of the additional share capital may cause shareholders to experience significant dilution of their ownership interests and the per share value of the Ordinary Shares to decline.

We do not intend to pay dividends before we become profitable, and as a result, your ability to achieve a return on your investment in the foreseeable future will depend on appreciation in the price of the Ordinary Shares.

We do not intend to pay any cash dividends before we become profitable, which may not occur in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of the Ordinary Shares after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

A significant portion of our outstanding shares may not be immediately resold but may be sold into the market in the near future. This could cause the market price of the Ordinary Shares to drop significantly, even if our business is doing well.

On October 1, 2024, Betters Medical and Baird Medical entered into a lock-up agreement (the "Lock-Up Agreement"), pursuant to which Betters 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 Baird Medical 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 Betters 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 Baird Medical occurs with an implied value at or above $12.50 per share.

The Sponsor agrees that it not transfer any Founder Shares until the earlier of (A) one year after the completion of the Business Combination and (B) subsequent to the Business Combination, (x) the date on which we (or any company of which we become a direct or indirect wholly owned subsidiary pursuant to such Business Combination) completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of the Public Stockholders having the right to exchange their shares of Class A Common Stock (or any securities into which shares of Class A Common Stock are converted or exchangeable pursuant to a Business Combination) for cash, securities or other property, or (y) if the VWAP of the Ordinary Shares equals or exceeds $15.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and other similar transactions) for any 20 trading days within any 30-trading day period commencing after the Business Combination."

Pursuant to the A&R Registration Rights Agreement, we have agreed that we will file with the SEC (at our sole cost and expense) a resale registration statement, and we will use our commercially reasonable efforts to have the resale registration statement declared effective by the SEC as soon as reasonably practicable after the filing thereof.

We are an "emerging growth company," and the reduced reporting and disclosure requirements applicable to emerging growth companies may make our securities less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We do not intend to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (i) following the fifth anniversary of the consummation of the Business Combination, (ii) in which we have total annual gross revenue of at least $1.235 billion, or (iii) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second fiscal quarter; and (2) the date on which we have issued more than $1.00 billion in non-convertible debt securities during the prior three-year period.

Investors may find our securities less attractive, and there may be a less active trading market for our securities, and the price of such securities may be more volatile.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to comply with a public company's responsibilities and corporate governance practices.

As a public company, we will incur significant legal, accounting and other expenses, which we expect to further increase after we are no longer an "emerging growth company." The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the continued listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel are not experienced in managing a public company and will be required to devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

In the past, shareholders of some public companies brought securities class action suits against these companies following periods of instability in the market price of these companies' securities. Our involvement in a class action suit could divert a significant amount of our management's attention and other resources from our business, which could harm our results of operations and require us to incur significant expenses to defend the suit.

Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could materially adversely affect our financial condition and results of operations.

As a "controlled company" under the Nasdaq Stock Market Rules, we may be exempt from certain corporate governance requirements that could adversely affect our public shareholders.

Prior to the Pro Rata Distribution, Betters Medical owns 76.1% of our issued and outstanding share capital, and Ms. Haimei Wu, our chairlady of the board and chief executive officer, is the beneficial owner of 66.6% of Betters Medical's total issued and outstanding share capital. Further, since Ms. Haimei Wu is the beneficial owner of 50.4% of the voting power of our issued and outstanding share capital following the Pro Rata Distribution, we qualify as a "controlled company" under the Nasdaq Stock Market Rules. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirement that a majority of our directors be independent, as defined in the Nasdaq Stock Market Rules, and the requirement that our compensation and nominating and corporate governance committees consist entirely of independent directors. Although we do not intend to rely upon any such exemptions, we could elect to rely on any or all of these exemptions in the future. Should we choose to do so, so long as we remain a controlled company relying on any of such exemptions and during any transition period following the time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq corporate governance requirements.

If we are characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, U.S. Holders may experience adverse U.S. federal income tax consequences.

A non-U.S. corporation generally will be treated as a PFIC for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. For purposes of making these determinations, a company is generally treated as directly earning a pro rata share of the income (and directly owning a pro rata share of the assets) of any entity in which it is considered to own at least 25% of the shares by value. The determination of whether we will be treated as a PFIC for the current taxable year will depend on a number of factors, including the amount of cash held by ExcelFin and Betters Medical and its subsidiaries, among others. Accordingly, there can be no assurances in this regard or any assurances that we will not be treated as a PFIC in the current taxable year or any future taxable year. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and there can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary position or that a court will not sustain such a challenge by the IRS.

Whether we or any of our subsidiaries are a PFIC for any taxable year is a factual determination that depends on, among other things, the composition of its income and assets, and the market value of its securities. Changes in our composition, the composition of our income or the composition of its assets may cause us to be or become a PFIC for the current or subsequent taxable years. Whether we are treated as a PFIC for U.S. federal income tax purposes is a factual determination that must be made annually at the close of each taxable year and, thus, is subject to significant uncertainty.

If we are a PFIC for any taxable year, a U.S. Holder of our securities may be subject to adverse tax consequences and may incur certain information reporting obligations. For a further discussion, see "Taxation — Certain Material U.S. Federal Income Tax Consequences — Passive foreign investment company rules." U.S. Holders of our securities are strongly encouraged to consult their tax advisors regarding the potential application of these rules to us and the ownership of our securities.

The IRS may not agree that we (i) should be treated as a non-U.S. corporation for U.S. federal income tax purposes and (ii) should not be treated as a "surrogate foreign corporation" for U.S. federal income tax purposes.

For U.S. federal income tax purposes, a corporation generally is considered to be a tax resident in the jurisdiction of its organization or incorporation. Accordingly, under generally applicable U.S. federal income tax rules, we would be classified as a non-U.S. corporation (and, therefore, we would not be a U.S. tax resident) for U.S. federal income tax purposes because we are incorporated under the laws of the Cayman Islands. Section 7874 of the Code provides an exception to this general rule under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. If

we were to be treated as a U.S. corporation for U.S. federal income tax purposes, we could be subject to substantial liability for additional U.S. income taxes, and the gross amount of any dividend payments to our non-U.S. holders could be subject to U.S. withholding tax. In addition, even if we are not treated as a U.S. corporation, we may be subject to unfavorable treatment as a "surrogate foreign corporation" in the event that ownership attributable to former ExcelFin stockholders exceeds a threshold amount. If it were determined that we are treated as a surrogate foreign corporation for U.S. federal income tax purposes under Section 7874 of the Code and the Treasury regulations promulgated thereunder, dividends by us would not qualify for "qualified dividend income" treatment, redemptions made by us of our stock would be subject to an excise tax of 1% of the fair market value of such stock under Section 4501 of the Code, and our U.S. affiliates after the completion of the First Merger could be subject to increased taxation under the inversion gain rules and Section 59A of the Code.

We do not currently expect to be treated as a U.S. corporation for U.S. federal income tax purposes or otherwise be subject to unfavorable treatment as a surrogate foreign corporation for U.S. federal income tax purposes. However, the rules for determining ownership under Section 7874 of the Code are complex and unclear. Accordingly, there can be no assurance that the IRS will not take the position that Section 7874 of the Code applied to the First Merger or that a court will not agree with such a position of the IRS in the event of litigation. For additional discussion of the potential impact of Section 7874 of the Code, see the section titled "Taxation — Certain Material U.S. Federal Income Tax Consequences — Tax Residence of the Company for U.S. Federal Income Tax Purposes."

If a U.S. Holder is treated as owning at least 10% of our ordinary shares, such U.S. Holder may be subject to adverse United States tax consequences.

If a U.S. Holder (as defined below) is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our Ordinary Shares, such U.S. Holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group, if any. Generally, a non-United States corporation is deemed as a controlled foreign corporation if more than 50% of its stock (by voting power or value) of is owned (directly, indirectly or constructively) by United States shareholders. We will generally be classified as a controlled foreign corporation if more than 50% of our outstanding shares, measured by reference to voting power or value, are owned (directly, indirectly or by attribution) by United States shareholders. Although we are not likely to be a controlled foreign corporation, because our group includes United States subsidiaries, certain of our non-United States subsidiaries will likely be treated as controlled foreign corporations. We cannot provide any assurances that we will assist our investors in determining whether any of our non-United States subsidiaries are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with its reporting and tax paying obligations as a result. U.S. Holders should consult their tax advisors regarding the potential application of these rules to their investment in our Ordinary Shares.

CAPITALIZATION

The following table sets forth our total capitalization, as of June 30, 2024,

- on historical basis for Baird Medical;
- an adjusted basis, after giving effect to the Business Combination and the private placement investment consummated concurrently with the closing of the Business Combination.

As we will not receive any proceeds from the sale of the Registered Securities sold by the Selling Securityholders, no further change is disclosed on a pro forma basis to reflect sales of shares pursuant to this prospectus. The likelihood that warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of our Ordinary Shares. Based on the closing price of our Ordinary Shares at $2.87 on November 13, 2024, which is less than the exercise price of $11.50 per share pursuant to the terms of the Warrants, we believe holders of the Warrants will be unlikely to exercise their Warrants, and we are unlikely to receive proceeds from the exercise of Warrants. Therefore, proceeds receivable from the exercise of the Warrants are also excluded from the adjustments.

The information in the following table should be read in conjunction with the financial statements and notes thereto and other financial information included in this prospectus, any prospectus supplement or incorporated by reference in this prospectus. Our historical results do not necessarily indicate our expected results for any future periods.

As of June 30, 2024	Pro Forma combined
	(in $ thousands)
Cash and cash equivalents	$ 4,039
Debt:	
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**

SELECTED HISTORICAL FINANCIAL DATA

The following tables present the selected consolidated financial and other data of us.

The financial data set forth below should be read in conjunction with, and is qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. The historical results included below and elsewhere in this prospectus are not indicative of our future performance. You should read the following information in conjunction with those financial statements and accompanying notes included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following table presents Baird Medical's summary of unaudited condensed consolidated statements of operations and comprehensive loss for the six months ended June 30, 2024 and 2023.

	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	11,491,029	9,503,260
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	(6,401,860)	(6,509,884)
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	$ 4,330,267	$ 2,330,359
Other comprehensive loss		
Foreign currency translation adjustment	$ (828,730)	$ (1,319,586)
Other comprehensive loss attributable to Baird Medical Investment Holdings Limited's shareholders	(828,730)	(1,319,586)
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	$ 3,501,537	$ 1,010,773
Basic and diluted earnings per common share*	$ 0.15	$ 0.08
Weighted average number of share outstanding – basic and diluted*	29,411,765	29,411,765

The following table presents Baird Medical's summary of selected unaudited condensed consolidated cash flows for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,	
	2024	2023
Net cash (used in) provided by operating activities	(3,960,397)	642,946
Net cash used in investing activities	(484,839)	(1,264,414)
Net cash (used in) provided by financing activities	4,457,217	(558,861)
Effect of exchange rate changes	(20,051)	13,764
Net change in cash	(8,070)	(1,166,565)
Cash at beginning of year	$ 1,510,484	$ 1,710,926
Cash at end of period	$ 1,502,414	$ 544,361

The following table presents Baird Medical's summary of unaudited condensed consolidated balance sheets as of June 30, 2024 and consolidated balance sheets as of December 31, 2023.

	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

	As of	
	June 30, 2024	December 31, 2023
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	$23,749,631	$21,001,134
Commitments and Contingencies		
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 selected consolidated statements of operations data for the fiscal years ended December 31, 2022 and 2023 and consolidated statements of financial position data as of December 31, 2022 and 2023 have been derived from the audited consolidated balance sheet of us as of December 31, 2022 and 2023, and the related consolidated statements of operations for each of the fiscal years in the two-year period ended December 31, 2023 included elsewhere in this prospectus.

	Year ended December 31,	
Consolidated Statements of Operations Data:	**2023**	**2022**
Revenues	$ 31,457,908	$ 35,091,174
Cost of revenues	(4,227,409)	(7,054,323)
Gross profit	27,230,499	28,036,851
Total operating expenses	(15,368,744)	(14,405,134)
Income from operations	11,861,725	13,631,717
Other expenses, net	(10,211)	(194,580)
Income before income tax	12,359,202	14,521,868
Income tax provision	(1,701,019)	(1,746,897)
Net income	10,658,183	12,774,971
Less: net income attributable to non-controlling interests	(112,205)	(206,221)
Net income attributable to Baird Medical Investment Holdings Limited's shareholders	**$ 10,545,978**	**$ 12,568,750**
Basic and diluted earnings per common share	$ 0.36	$ 0.43
Weighted average number of share outstanding – basic and diluted	29,411,765	29,411,765

Consolidated Statements of Operations Data:	Year ended December 31, 2023	2022
Consolidated Cash Flow Data:		
Net cash (used in) provided by operating activities	(1,019,964)	485,968
Net cash used in investing activities	(2,638,488)	(5,921,464)
Net cash provided by financing activities	3,461,118	4,411,918

Consolidated Statements of comprehensive income (loss) data:	Year ended December 31, 2023	2022
Net income	$10,658,183	$12,774,971
Other comprehensive loss income		
Foreign currency translation adjustment	(728,688)	(1,506,905)
Comprehensive income	9,929,495	11,268,066
Non-controlling interests	(112,205)	(206,221)
Comprehensive income attributable to Baird Medical Investment Holdings Limited's shareholders	**$ 9,817,290**	**$11,061,845**

Consolidated Balance Sheets Data:	As of December 31, 2023	As of December 31, 2022
ASSETS		
Cash	$ 1,510,484	$ 1,710,926
Accounts receivable, net	31,099,891	24,371,640
Prepayments, net	5,814,691	5,799,084
Inventories	1,142,569	1,293,249
Due from related parties	394,582	391,718
Deposits and other assets, net	120,485	196,999
Total non-current assets	16,625,687	8,853,913
Total assets	**56,708,389**	**$42,617,529**
Total current liabilities	18,975,434	16,022,891
Total non-current liabilities	2,025,700	816,878
Total Baird Medical Investment Holdings Limited's Shareholders' Equity	35,750,644	25,933,354
Non-controlling interests	(43,389)	(155,594)
Total Liabilities and Equity	**$56,708,389**	**$42,617,529**

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below shall have the same meaning as terms defined and included elsewhere in this 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 Betters Medical (the "Betters 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, Betters Medical contributed all of the issued shares of Tycoon held by Betters Medical to PubCo and Betters Medical received in exchange therefor 29,411,764 PubCo Ordinary Shares; (b) prior to Closing, Betters Medical will transfer 1,947,058 PubCo Ordinary Shares (which shares shall not include the Betters Medical Earnout Shares) to Newco and the Minority Holders will exchange their ownership interests in Betters 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 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 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 Series A 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 Betters 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 Betters Medical expecting to have a majority of the voting power of the Combined Company, Tycoon conducting the ongoing operations of the Combined Entity, Betters Medical comprising a

majority of the governing body of the Combined Company, and Betters 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 Betters 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 Betters 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

	PubCo (Historical)	ExcelFin (Historical)	ExelFin Redemption 7/25/2024 and 10/01/2024	PIPE Investment		Pro Forma Adjustments		Pro Forma Combined
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**

Period ended June 30, 2024	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)	—

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)	—

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 Betters Medical (the "Betters 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, Betters Medical contributed all of the issued shares of Tycoon held by Betters Medical to PubCo and Betters Medical received in exchange therefor 29,411,764 PubCo Ordinary Shares; (b) prior to Closing, Betters Medical will transfer 1,947,058 PubCo Ordinary Shares (which shares shall not include the Betters Medical Earnout Shares) to Newco and the Minority Holders will exchange their ownership interests in Betters 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 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 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 Series A 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 Betters 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 Betters 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%
Betters 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**

USE OF PROCEEDS

We will receive proceeds of up to an aggregate of US$132,250,000 from the exercise of the Warrants if all of the Warrants are exercised for cash. We expect to use the net proceeds from the exercise of Warrants for general corporate purposes. There is no assurance that the holders of the Warrants will elect to exercise any or all of such Warrants or that they will exercise any or all of them for cash. The amount of cash we would receive from the exercise of the Warrants will decrease to the extent that Warrants are exercised on a cashless basis.

We will not receive any proceeds from any sale of the securities registered hereby by the Selling Securityholders. With respect to the registration of the securities being offered by the Selling Securityholders, the Selling Securityholders will pay any underwriting discounts and commissions incurred by them in disposing of such securities, and fees and expenses of legal counsel representing the Selling Securityholders. We have borne all other costs, fees and expenses incurred in effecting the registration of the Registered Securities, such as registration and filing fees and fees of our counsel and our independent registered public accountants.

DIVIDEND POLICY

We have never declared or paid any cash dividend on our Ordinary Shares. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any further determination to pay dividends on our ordinary shares would be at the discretion of our board of directors, subject to applicable laws, and would depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.

In light of our holding company structure, our ability to pay dividends to the shareholders, and to service any debt we may incur, may depend upon dividends paid by our PRC subsidiaries, despite that we may obtain financing at the holding company level through other methods. However, our PRC subsidiaries are subject to certain statutory reserve and solvency conditions before they can distribute dividends or make payment to us, which, if failed, may restrict their ability to pay dividends or make payment to us. Under PRC laws and regulations, our PRC subsidiaries are permitted to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Furthermore, our PRC subsidiaries are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. The statutory reserve fund requires that annual appropriations of 10% of net after-tax income should be set aside prior to payment of any dividends, until the aggregate amount of such fund reaches 50% of their registered capital. As a result of such restrictions under PRC laws and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us either in the form of dividends, loans or advances, which restricted portion amounted to US$4.4 million and US$4.5 million as of December 31, 2022 and 2023, respectively.

CORPORATE HISTORY AND STRUCTURE

Our history traces back to June 2012 when Baide Suzhou Medical Co., Ltd., a limited liability company formed in the PRC ("Baide Suzhou"), was established by Haimei Wu, her husband, Wenyuan Wu, and two other independent third parties. Thereafter, we commenced our business, which consisted of the distribution of general medical devices in Guangdong, China. In May 2017, Baide Suzhou acquired a 51% equity interest in Nanjing Changcheng Medical Equipment Co., Ltd., a limited liability company formed in the PRC in January 2016 ("Nanjing Changcheng") and expanded the Company's business to include the development and provision of microwave ablation medical devices in China. In March 2019, Baide Suzhou acquired the remaining 49% equity interest in Nanjing Changcheng, and Nanjing Changcheng became a wholly owned subsidiary of Baide Suzhou. Over the years, Baird Medical has developed a strategically managed network with hospitals and medical device distributors, and has gradually expanded its market share in the distribution and sales of microwave ablation medical devices in the PRC.

We are an exempted company incorporated in the Cayman Islands with limited liability on June 16, 2023 for the purpose of effecting the Business Combination. Our principal executive office is Room 202, 2/F, Baide Building, Building 11, No.15 Rongtong Street, Yuexiu District, Guangzhou, Peoples Republic of China and its telephone number is +86 020-82185926. Our website address is bairdmed.com. The information contained on the website does not form a part of, and is not incorporated by reference into, this prospectus.

Business Combination with ExcelFin

On October 1, 2024, Baird Medical completed the Business Combination with ExcelFin, pursuant to which (i) Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and as a wholly-owned subsidiary of Baird Medical and (ii) Merger Sub 2 merged with and into Newco, with NewCo continuing as the surviving entity and as a wholly-owned subsidiary of Baird Medical, in accordance with the terms of the Business Combination Agreement.

Pursuant to the Business Combination Agreement (a) on August 3, 2023, Betters Medical contributed Tycoon Shares to Baird Medical in exchange for Ordinary Shares such that Tycoon became a wholly-owned subsidiary of Baird Medical and Betters 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, Betters Medical transfered 1,947,058 Ordinary Shares (which shares shall not include the Betters Medical Earnout Shares) to Newco and the Minority Holders will exchange their ownership interests in Betters Medical for all of the outstanding ownership interests in Newco; and (c) after the special meeting, Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of Baird Medical (the "First Merger") and Merger Sub 2 merged with and into Newco, with Newco continuing as the surviving entity and wholly-owned subsidiary of Baird Medical (the "Second Merger"). However, Betters 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 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 Baird Medical occurs with an implied value at or above $12.50 per share.

The Business Combination Agreement provides that at the Effective Time:

(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 in accordance with the terms of the applicable ExcelFin Unit;

(ii) each outstanding public share of ExcelFin Class A Common Stock will be exchanged for one Ordinary Share; and, subject to a vesting requirement for 1,350,000 of such shares held by the Sponsor, each outstanding share of ExcelFin Class A Common Stock held by the Sponsor or its assignees will be cancelled in exchange for one 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.

In the Second Merger, 1,947,058 Ordinary Shares transferred by Betters Medical to Newco will be cancelled, and an equal number of Ordinary Shares will be issued to the Minority Holders. The Business

Combination Agreement provides that each of the 5,750,000 shares of ExcelFin Class A Common Stock held by the Sponsor or its assignees will be cancelled in exchange for one Ordinary Share upon the Closing of the Business Combination. However, 1,350,000 of the Ordinary Shares issued to the Sponsor in the Business Combination in exchange for ExcelFin Class A Common Stock held by the Sponsor (the "Sponsor Earnout Shares") 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 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 Baird Medical occurs.

Additional Agreements in connection with the Business Combination

This section describes the material provisions of certain additional agreements entered into pursuant to or in connection with the Business Combination Agreement.

Sponsor Support Agreement

In connection with the signing of the Business Combination Agreement, the Sponsor, ExcelFin, and Baird Medical entered into the Sponsor Support Agreement. Pursuant to this agreement, the Sponsor:

- Agreed to vote all ExcelFin Common Stock held by the Sponsor at such time in favor of the approval and adoption of the Business Combination Agreement and the Transactions and all other Transaction Proposals;
- Agreed to surrender all 11,700,000 of the ExcelFin Private Placement Warrants which are owned by the Sponsor to ExcelFin for no additional consideration effective as of immediately prior to the Effective Time.
- Agreed to convert all of the unpaid balances under the Sponsor Loans into Ordinary Shares at a price of $10.20 per share immediately prior to the Effective Time and subject to the consummation of the Business Combination.
- Agreed not to transfer any shares or ExcelFin Common Stock prior to the Closing.
- Agreed to abstain from exercising any redemption rights of any shares of ExcelFin Common Stock held by it in connection with the ExcelFin Stockholders' Approval.
- Waived its right to an adjustment of the Conversion Ratio (as defined in Section 4.3(b) of the ExcelFin Charter) with respect to any conversion of its shares of ExcelFin Class B Common Stock in connection with the Transactions.

The parties also agreed that (x) 3,150,000 of the Ordinary Shares to be held by the Sponsor immediately following the Effective Time shall be fully vested and freely tradable, subject only to the restrictions on transfer set forth in the Insider Letter, as amended by the Amendment to Insider Letter, and (y) the remaining 1,350,000 of the Ordinary Shares to be held by the Sponsor immediately following the Effective Time 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 Effective Time through the date that is the fifth anniversary of the Effective Time, the VWAP of Ordinary Shares is greater than or equal to $12.50 over any 20 trading days within any 30-day trading period. For purposes hereof, "VWAP" means the dollar volume-weighted average price for such security on the principal securities exchange or securities market on which such security is then traded. If there is a Change of Control of Baird Medical after the Effective Time and prior to the fifth anniversary of the Effective Time, the Sponsor Earnout Shares shall become fully vested immediately prior to such Change of Control. If by the fifth anniversary of the Effective Time 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 Baird Medical, effective as of such date.

Betters Medical Lock-Up Agreement

At Closing, Betters Medical and Baird Medical will enter into the Betters Medical Lock-Up Agreement. Pursuant to the Business Combination Agreement, Betters Medical will agree not to transfer any Ordinary Shares acquired by it in the Share Contribution prior to the earlier of (a) a Change of Control of Baird Medical or (b) six months from the Closing Date. The 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 Betters Medical. In addition, the Lock-Up Agreement provides that 8,823,529 PubCo Ordinary Shares issued to Betters Medical (the "Betters 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 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 Baird Medical occurs with an implied value at or above $12.50 per share.

Insider Letter Amendment

In connection with the signing of the Business Combination Agreement, ExcelFin, the Sponsor, and each officer, director or board advisor of ExcelFin (each, an "Insider") entered into an Amendment to Letter Agreement to amend the terms of the Insider Letter. Pursuant to this amendment, the Lock-Up in the Insider Letter was amended to provide that the Sponsor and the Insiders may not Transfer any founder shares (or any securities into which founder shares are converted or exchangeable pursuant to a Business Combination) until the earlier of:

(i) one year after the completion of ExcelFin's initial Business Combination and

(ii) subsequent to ExcelFin's Business Combination,

(x) the date on which ExcelFin (or its successor) completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of the Public Stockholders having the right to exchange their shares of Class A Common Stock (or any securities into which shares of Class A Common Stock are converted pursuant to a Business Combination) for cash, securities or other property, or

(y) the date on which the VWAP of the Class A Common Stock (or any securities into which shares of Class A Common Stock are converted or exchangeable pursuant to such Business Combination) equals or exceeds $15.00 per share for any 20 trading days within any 30-trading day period commencing after ExcelFin's Business Combination.

Registration Rights Agreement

ExcelFin, the Sponsor and certain other parties entered into a registration rights agreement (the "Sponsor Registration Rights Agreement") on October 21, 2021 in connection with the ExcelFin IPO. At Closing, Baird Medical, the Sponsor, Betters Medical and certain other parties will enter into a registration rights agreement (the "Registration Rights Agreement") concerning the Ordinary Shares issued to those parties ("Holders") in connection with the Business Combination ("Registrable Securities"). The Registration Rights Agreement will terminate and replace the Sponsor Registration Rights Agreement upon the Closing of the Business Combination. The Registration Rights Agreement provides that no later than 30 business days following the Closing Date, Baird Medical shall prepare and file with the Commission a shelf registration statement under Rule 415 of the Securities Act covering the resale of all the Registrable Securities on a delayed or continuous basis and shall 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 Commission notifies Baird Medical that it will "review" the registration statement) following the Closing Date and (y) the 10th business day after the date Baird Medical is notified by the Commission that such Shelf Registration Statement will not be "reviewed" or will not be subject to further review. Pursuant to the agreement, Baird Medical also grants certain demand and unlimited piggyback registration rights to the holders of Registrable Securities. All of the costs of these registrations will be borne by Baird Medical, other than selling commissions incurred by the Holders of Registrable Securities.

Under the Registration Rights Agreement, Baird Medical will indemnify the holders of Registrable Securities 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 sell Registrable Securities, unless such liability arose from their misstatement or omission, and the holders of Registrable Securities, including Registrable Securities in any registration statement or prospectus, will agree to indemnify Baird

Medical and certain persons or entities related to Baird Medical, such as its officers and directors and underwriters, against all losses caused by their misstatements or omissions in those documents.

Betters Medical Shareholder Support Agreement

In connection with the signing of the Business Combination Agreement, Betters Medical, Baird Medical, Tycoon, the Key Betters Medical Shareholders and ExcelFin entered into the Betters Medical Shareholder Support Agreement. Pursuant to such agreement, each Key Betters Medical Shareholder:

- Agreed that at any meeting of the shareholders of Betters Medical at which approval of the Business Combination Agreement, any other Ancillary Agreements, the Share Contribution, the First Merger, the Second Merger or any other Transactions is sought, or at any adjournment thereof, it will vote in favor of such proposals and to vote against any competing proposals;
- Agreed that prior to the Closing, it will not transfer or sell any shares of Betters Medical except to certain permitted transferees who agree to be bound by similar restrictions;
- Waived any dissenters' or appraisal rights under Cayman Islands law and any other similar statute in connection with the Transactions and the Business Combination Agreement; and
- Revoked any inconsistent proxies previously given in respect of the Betters Medical Shares.

In addition, prior to the Closing, Betters Medical has 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 Betters Medical untrue or incorrect in any material respect or (iv) commit or agree to take any of the foregoing actions.

Warrant Assignment, Assumption and Amendment Agreement

At the Closing, ExcelFin, Baird Medical and Equiniti Trust Company, LLC, in its capacity as Warrant Agent will enter into a Warrant Assignment, Assumption and Amendment Agreement for the purpose of assigning ExcelFin's obligations under the ExcelFin Public Warrant Agreement to Baird Medical. Pursuant to the Business Combination Agreement, at the Closing, ExcelFin will assign to Baird Medical all of its right, title and interest in the ExcelFin Public Warrant Agreement and Baird Medical will assume all of ExcelFin's liabilities and obligations under the ExcelFin Public Warrant Agreement. Each whole ExcelFin Public Warrant that is outstanding immediately prior to the Effective Time shall automatically be converted into one Warrant representing a right to acquire that number of Ordinary Shares equal to the number of shares of ExcelFin Class A Common Stock set forth in such ExcelFin Public Warrant, on substantially the same terms as were in effect immediately prior to the Effective Time under the ExcelFin Public Warrant Agreement. The Warrant Assignment, Assumption and Amendment Agreement also provides for the cancellation and termination of the ExcelFin Private Placement Warrant Agreement with no additional consideration to be issued to the holder thereof.

PIPE Agreement

On September 30, 2024, Baird Medical entered into (i) a Subscription Agreement with GFC, pursuant to which Baird Medical issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value $0.0001 per share, of Baird Medical (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 Baird Medical 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 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. Baird Medical 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.

ENFORCEABILITY OF CIVIL LIABILITIES AND AGENT FOR SERVICE OF PROCESS IN THE UNITED STATES

We are incorporated under the laws of the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less exhaustive body of securities laws than the United States and these securities laws provide significantly less protection to investors; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

We conduct substantially all of our operations outside the United States, and substantially all of our assets are located outside the United States. Substantially all of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult or impossible for a shareholder to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Puglisi & Associates as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Cayman Islands

There is uncertainty as to whether the courts of the Cayman Islands would (1) recognize and enforce judgments of courts of the United States obtained against us or our directors or officers that are predicated upon the civil liability provision of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Although there is no statutory recognition in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts of the United States against the company under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the United States courts under the civil liability provisions of the securities laws if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

PRC

There is uncertainty as to whether the courts of China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the jurisdiction where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against it or its directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against Holdco in the PRC for disputes relating to contracts or other property interests if they can establish sufficient connection to the PRC for a PRC court to have jurisdiction and meet other procedural requirements. The PRC court will determine whether to accept the complaint in accordance with the PRC Civil Procedures Law. In addition, it will be difficult for U.S. shareholders to originate actions against us in China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the Ordinary Shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

BUSINESS

Overview

We are one of the leading microwave ablation medical device developers and providers in the PRC for minimally invasive treatment of tumors. Our proprietary medical devices are used for treatment of benign and malignant tumors, including thyroid nodules, liver cancer, lung cancer and breast lumps. We ranked first among microwave ablation medical device providers in the treatment of thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022 according to the Frost & Sullivan Report. Further, we were the third largest microwave ablation medical device provider in the PRC in terms of sales revenue in 2022.

Microwave ablation is a minimally invasive treatment technique that denaturalizes and coagulates the protein of tumor cells with extreme heat generated by microwave energy. Microwave ablation treatments have been applied to benign and malignant tumors, and management believes they are safer, less invasive and easier to operate with faster recovery periods and lower complication rates for patients, as compared to traditional treatment methods such as surgery, radiotherapy, interventional radiology, chemotherapy, targeted therapy and immunotherapy. The Company is not aware of any research suggesting that such traditional treatments can also prevent cancer progression by curbing benign tumors from developing into malignant tumors. The type of tumor treatment depends on the patient's individual circumstances, including the size and characteristics of the tumor, the desired outcome, and the acceptable cost. Some types of benign tumors have the potential of transforming into malignant ones through a process known as "cancer progression." The cancer progression rates among persons with thyroid nodules and breast lumps are 5.0% and 7.0%, respectively, according to the Frost & Sullivan Report. Microwave ablation treatments can help to prevent cancer progression by curbing a benign tumor from developing into a malignant tumor, and management believes that patients diagnosed with benign tumors are inclined to seek tumor removal to avoid the risks of cancer progression.

Our product offerings and pipeline products mainly consist of microwave ablation apparatus and needles. Our product offerings available for sale include microwave ablation apparatus approved for the treatment of live cancer and thyroid nodule, long microwave ablation needles, and fine microwave ablation needles. Currently, we hold two registration certificates for Class III medical devices specifically approved for the treatment of liver cancer and thyroid nodules, and one registration certificate for Class II medical devices in the PRC. For a full list of each such product and its respective registration certificate, see the section titled "Competitive Strengths" below. Under PRC laws and regulations, Class II medical devices are those with moderate risks and are strictly controlled and administered, and Class III medical devices are those with relatively high risks and are strictly controlled and administered through special measures.

Through our research and development team, led by our co-chief technical officer, Mr. Rongjian Lu, and our research and development partners, including Nanjing Forestry University and Zhuhai People's Hospital, we have focused our development efforts on additional types of microwave ablation medical devices to meet market demand, and have also developed a product pipeline to achieve more extensive products offering.

Our products are ultimately sold to hospitals through (i) direct sales, (ii) deliverers, or (iii) distributors. Benefiting from our distributors' established channels and resources, we have been able to cut costs and time in reaching target markets compared to the costs and time required to distribute those products through direct sales. See "Sales Channels" below for an explanation of the difference between deliverers and distributors. With a network of qualified deliverers, we have been able to sell products to a large group of hospitals at once. With our solid and strategically managed network of deliverers and distributors and close collaboration with medical associations and doctors through our sales and marketing efforts, we have seen the number of hospitals in China purchasing our products increase from approximately 430 in the year ended December 31, 2022 to approximately 505 in the fiscal year ended December 31, 2023, with the number of Grade III hospitals (the highest tier hospitals in China as classified and graded pursuant to the *Pilot Draft of the Hospital Hierarchy Management Scheme of the PRC*) increasing from approximately 250 to approximately 310.

We have experienced significant growth in our business and results of operations in 2022 and 2023. Our revenue decreased from $35.1 million in the fiscal year ended December 31, 2022 to $31.5 million in 2023,

representing decrease of 10.4%. Our net income decreased from $12.8 million in the fiscal year ended December 31, 2022 to $10.7 million in 2023, representing decrease of 16.6%.

Competitive Strengths

We are one of the Leading Microwave Ablation Medical Device Developers and Providers in the PRC for Minimally Invasive Treatment of Tumors, a Fast-growing and Underserved Microwave Ablation Medical Device Market

We are one of the leading medical device developers and providers in the PRC for minimally invasive treatment of tumors. We ranked first among microwave ablation medical device providers in the treatment for thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022 according to the Frost & Sullivan Report. We are the first company to have our proprietary microwave ablation medical devices specifically approved for use to treat thyroid nodules successfully registered as a Class III medical device.

We operate in the growing PRC microwave ablation market. Given the increasing number of cancer patients, the promotion of ablation technique in hospitals and the rising adoption of minimally invasive operation, ablation therapy has gradually become one of the most common treatments for tumors in the PRC. According to the Frost & Sullivan Report, from 2016 to 2022, the market size of China's tumor ablation industry in terms of hospital charge price has increased from RMB1.88 billion to RMB4.6 billion with a CAGR of 15.5%. Microwave ablation, the largest sector of the tumor ablation therapy market in China, contributed to 60% of the overall ablation market, with a sales revenue of RMB2.67 billion in 2021. The market size of the tumor ablation industry in China is expected to remain an upward trend and is expected to reach RMB12.26 billion in 2027 with a CAGR of 22.4%. The number of microwave ablation procedures in the PRC, which increased from approximately 71,000 in 2016 to approximately 181,000 in 2021, is expected to reach approximately 640,700 in 2027, representing a CAGR of 25.0% from 2022 to 2027, where most of the growth is expected to be in the field of thyroid nodule ablation. Our microwave ablation devices primarily target specialty areas, including both benign tumors with a focus on thyroid nodules and malignant tumors with a focus on liver cancer and lung cancer.

Extensive Sales and Distribution Network

We have an established and strategically managed sales and distribution network across China. For the fiscal years ended December 31, 2022 and 2023 with an extensive network of deliverers and distributors, our products were distributed directly, through deliverers and by distributors and by the Company itself to approximately 430 and approximately 505 hospitals across 21 and 24 provinces, municipalities and autonomous regions in China, respectively.

Our sales and distribution network allows us to keep in touch with customers nationwide and respond to clients' needs in an effective and timely manner. Leveraging our distributors' and deliverers' sales network and their geographical coverage, we are able to establish close contact with more hospitals and doctors and obtain direct feedback from product users.

Enhanced Research and Development Capabilities through Collaboration with Market Participants

We attach great importance to research and development. We are the first company to have proprietary microwave ablation medical devices specifically approved for the treatment of thyroid nodules registered as Class III medical devices in the PRC. Currently, we hold two Class III registration certificates under the Company's name: microwave therapeutic instrument and accessories and disposable microwave ablation needle. We have also successfully obtained the registration certificate for the Class III Certificate for MWA Needles, and one registration certificate for Class II medical devices in the PRC in relation to disposable sterile biopsy needles.

Our research and development capacities are supported by our research and development team, led by Mr. Rongjian Lu. As of January 4, 2024, we possessed 47 patents in the PRC, and 33 patent applications are currently pending. Additionally, we collaborate with academic institutions, including Nanjing Forestry University and Zhuhai People's Hospital, and contract with research organizations to perform research and development activities. This practice allows us to benefit from the expertise of the partnered or contracted institutions and organizations, through which we have developed a product pipeline to achieve a more extensive product offering.

We believe that our research and development capacities allow us to be well-positioned to offer a wider variety of microwave ablation medical devices to patients.

One of the Leading Players in the Microwave Ablation Medical Device Industry that Adds Value to Stakeholders in the Value Chain

Microwave ablation medical devices can provide benefits to stakeholders in the value chain from patients to hospitals and medical practitioners. For patients, microwave ablation is one of the available treatment options of certain types of tumors, including liver cancer, thyroid nodules, pulmonary nodules, breast lumps, and lung cancer. Patients eligible for microwave ablation include those with a single tumor of no larger than 5cm in diameter or multiple tumors with no more than three tumors, each with less than 3cm in diameter. Compared with other treatment options such as radiofrequency ablation, cryoablation and laser ablation, the heat generated by microwave ablation is stronger and has the advantages of rapid heating, larger ablation volume, and shorter operation time. Additionally, microwave ablation is less likely to cause postoperative complications compared to cryoablation and laser ablation. In general, for eligible patients, microwave ablation has the advantages of being safe, minimally invasive and easy to operate with a rapid recovery and low complication rate for patients. See "*Industry Overview*" for details. For hospitals, our microwave ablation devices provide them with a surgical alternative to conventional open surgery and chemotherapy for some patients. Patients undergoing microwave ablation treatment also require a shorter observation period and hospital stay period (if any) after operation. Therefore, by providing microwave ablation treatment, hospitals can reduce the number of open surgery or chemotherapy patients and the burden on hospital capacity. For medical practitioners, our microwave ablation medical devices require shorter operation time and involve relatively lower risks as compared to open surgery. Additionally, microwave ablation treatment achieves comparable clinical results with other traditional forms of treatment, such as open surgery, chemotherapy and radiation therapy with relatively lower fees, thereby reducing the burden on expense reimbursement by private insurance companies and government medical expenditure.

Highly Experienced Management Team with Proven Track Record

We have an experienced, dedicated and stable management team, with deep industry knowledge and management expertise that has contributed to our success. Our founder, chief executive officer and chairperson of the board of directors, Haimei Wu, has over 20 years of experience in the medical devices industry and oversees the overall strategic planning and business development of ExcelFin. Mr. Wei Hou, one of our directors, has over 28 years of experience in management and sales in the pharmaceutical industry. In addition, our senior management team includes members with backgrounds in accounting, research and development, and sales.

Over the years, our management team has established close relationships with customers and suppliers and accumulated in-depth knowledge of the microwave ablation medical device industry with a strong understanding of industry development and market trends. We believe that our leadership team, with their strong management skills, and the utilization of our distribution networks and industry experience, will help us sustain our growth and future development.

Growth Strategies

Our goal is to become a renowned medical developer and provider that delivers high quality, comprehensive and innovative products. We plan to implement the following growth strategies in the upcoming years.

Broaden and Deepen our Product Portfolio

We intend to broaden and deepen our product portfolio in order to strengthen our position in the microwave ablation medical device market through research and development collaborations. We also plan to register our Class III medical devices specifically approved for the treatment of breast lumps, pulmonary nodules, varicose veins, bone tumors, uterine fibroids and other diseases.

Breast lumps. We have completed the prototype manufacturing and product registration testing of microwave ablation devices specifically approved for the treatment of breast lumps in the PRC, and we expect to complete the clinical trials by June 2025. We expect to complete the NMPA registration procedures after the clinical trials and obtain applicable registration certificates in October 2025. Based on the experience of the agent filing our CE certificate (our "CE Filing Agent"), we believe we can use the clinical data from the PRC for our CE certificate process and therefore potentially may not need to conduct any further clinical trials in the EU. However, there can be no assurance that we will not be required to conduct clinical trials in the EU, especially since this statement has not been confirmed by a CE notified body. If we are not required to conduct clinical trials in the EU, we expect to submit our EU CE certification materials around June 2025 and obtain the applicable registration certificates between October 2025 and the middle of 2026, based on the average timeline currently observed in the EU. Based on our CE Filing Agent's past experience with similar applications, we hope to receive such registration certificates by around October 2025. However, we cannot predict with certainty the timeline of obtaining the applicable NMPA registration and the EU CE certificates, and it is possible that we may not obtain such certificates at all.

Pulmonary nodules. We have completed the prototype manufacturing of microwave ablation devices specifically approved for the treatment of pulmonary nodules and are in the process of product registration testing in the PRC. We plan to conduct clinical trials and thereafter apply for NMPA registration. We expect to complete the pulmonary nodules clinical trials by June 2025, complete the NMPA registration procedures thereafter and obtain applicable registration certificates in October 2025. Similar to our progress with the breast lump clinical trials, we expect to use the clinical data obtained from our PRC clinical trials for our CE certificate process based on our CE Filing Agent's experience and apply for EU CE certification concurrently and obtain the applicable registration certificates between October 2025 and the middle of 2026. However, we cannot predict with certainty the timeline of obtaining the applicable NMPA registration and the EU CE certificates, and it is possible that we may not obtain such certificates, if at all.

Thyroid nodules. We have completed the prototype manufacturing, product registration testing and clinical trials of microwave ablation devices specifically approved for the treatment of thyroid nodules in the PRC. We have completed the NMPA registration procedures and obtained applicable registration certificates in July 2023. Based on the experience of our CE Filing Agent, we believe we can use the clinical data from the PRC for our CE certificate process and therefore potentially may not need to conduct any further clinical trials in the EU. However, there can be no assurance that we will not be required to conduct clinical trials in the EU, especially since this statement has not been confirmed by a CE notified body. If we are not required to conduct clinical trials in the EU, we expect to submit our EU CE certification materials in December 2024 and obtain the applicable registration certificates in 2025 or the beginning of 2026, based on the average timeline currently observed in the EU. Based on our CE Filing Agent's past experience with similar applications, we hope to receive such registration certificates by the end of the first quarter of 2025. However, we cannot predict with certainty the timeline of obtaining the EU CE certificate, and it is possible that we will not obtain the CE certificate in the EU at all.

Varicose veins. We have completed the prototype manufacturing of microwave ablation devices specifically approved for the treatment of varicose veins in the PRC and are in the process of product registration testing. We plan to conduct clinical trials and thereafter apply for NMPA registration. However, there can be no assurance that the NMPA registration for varicose veins will ultimately be achieved.

Bone tumors and uterine fibroids. We are in the process of prototype manufacturing of microwave ablation devices specifically approved for the treatment of bone tumors and uterine fibroids. Thereafter, we plan to commence product registration testing in the PRC, which is expected to be completed in June 2025. However, there can be no assurance that product registration testing in the PRC will be completed in June 2025, or at all. If such product registration testing is completed, we plan to conduct clinical trials and thereafter apply for NMPA registration.

Enhance Research and Development Capabilities

We intend to continue focusing on identifying the technologies with clinical potential and collaborating with our research and development partners to tackle the key clinical issues and launch new products in the microwave ablation medical device market in the PRC. Going forward, we plan to study, research and develop microwave ablation intelligence, which uses robots and optical surgical navigation technology to locate tumors, improve surgical accuracy and reduce dependence on doctors' skills and experience. Specifically, we intend to develop and launch AI robotic surgery assistance, particularly for the treatment of thyroid nodules, breast lumps, bone tumors, pulmonary nodules, prostate tumors and heart hypertrophy. To this end, we plan to invest a total of approximately $18.7 million in the research and development of microwave ablation intelligence through 2027. We plan to conduct pre-clinical activities on the application of microwave ablation intelligence in 2025 and complete relevant clinical trials in 2027.

To execute our research and development objectives, we plan to expand and increase the headcount of our research and development team. We have established a research and development committee to oversee the key stages of our research and development processes, advise on research and development strategies, and review the status and progress of new research projects. As of December 31, 2023, our research and development team consisted of 11 members and is led by our chief technical officer, Mr. Rongjian Lu. We plan to recruit an additional 20 research and development staff with a bachelor's degree and at least three years of experience in the research and development of medical devices in the next two years, with such recruitment to take place in batches.

Expand our Presence in Foreign and Emerging Markets

Leveraging our established products and market position in the PRC, we intend to tap into overseas markets such as the U.S., the EU and Southeast Asia in the coming years, which we believe have great market growth potential, by establishing overseas offices and seeking collaboration with local sales channels. According to the Frost & Sullivan Report, radiofrequency ablation was the largest sector of the tumor ablation therapy market in the U.S. and Europe in 2022, followed by microwave ablation, which contributed to 21.9% and 27.3% of the overall tumor ablation therapy market in the U.S. and Europe in terms of revenue, respectively. The total addressable market for microwave ablation devices is projected to grow across various regions and cancer types and is expected to reach $151.5 million in the U.S., $110.2 million for thyroid cancer in Europe, $9.5 million for breast cancer in Europe, and $77.1 million in Southeast Asia by 2027, according to the Frost & Sullivan Report. The microwave ablation market in the U.S. is relatively concentrated with a few top market players, whereas the market in Europe is relatively fragmented. It is expected that the market size of microwave ablation therapy market in the U.S. and Europe will continue to grow over time. We intend to invest a total of approximately $1.7 million in the clinical trials and applications of FDA registration and CE Mark for selected devices.

In 2022, we initiated our plan for FDA marketing clearance in the U.S. and C.E. Mark in the EU for our propriety microwave ablation medical device to be used for the coagulation (ablation) of soft tissues other than special soft tissues. Soft tissues include all tissues in the body that have not been hardened by the process of ossification or calcification, including muscles, tendons, ligaments, fats, fibrous tissues, lymphatic and blood vessels, fascia and synovium. According to the FDA Guidance Premarket Notification (510(K)) Submissions for Electrosurgical Devices for General Surgery, special soft tissues include the lungs, colorectal tissue, skin, mucous membranes, and nerve tissue, and are subject to specific requirements such as additional testing in chronic animal studies.

In the U.S., all of our research and development for soft tissue products (excluding special soft tissues) has been completed. Manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the Food, Drug and Cosmetic Act requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. On July 28, 2023 we submitted to the FDA (i) a premarket notification submission demonstrating that our disposable microwave ablation needle is "substantially equivalent" to a predicate device (disposable microwave therapeutic antenna) already on the market and (ii) a premarket notification submission demonstrating that our microwave ablation system is "substantially equivalent" to a predicate device (microwave therapeutic system) already on the market. A predicate device is a legally marketed device that is not subject to premarket approval ("PMA"), i.e., a device that was legally

marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. On November 13, 2023, the FDA notified us that our disposable microwave ablation needle and system is substantially equivalent to a predicate device currently on the market (disposable microwave therapeutic antenna or microwave therapeutic system, as applicable). The FDA classified both devices into Class II and granted 510(k) clearance to commercially market the devices for the coagulation (ablation) of soft tissue, excluding cardiac use.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or PMA approval is obtained. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

With respect to marketing our breast lump, pulmonary nodules and thyroid nodule products within the EU, the research and development process and clinical trial process is well advanced, although we may still need to conduct certain additional studies and clinical evaluation research to meet EU MDR requirements. This is because, although not yet confirmed by a CE notified body, we believe we may be able to rely on the clinical trial data from the PRC, in which case we would potentially not need to conduct further clinical trials in the EU and would expect to have completed the necessary research by June of 2025. However, if during the course of our CE certificate application process we are asked to provide additional clinical trial data, we will have to conduct the appropriate additional clinical trials, which would lengthen the CE certification process. More specifically, with respect to the breast lump and pulmonary nodule products clinical trial process in the PRC, we completed product registration and animal testing of our products in May 2023, and revised the case report form based on the research plan discussion conference which took place in September 2023. In January 2024, the work for the third-party usability study was completed, and the report for the third-party usability study and the clinical evaluation research and clinical trial testing plans for the breast lump and pulmonary nodules clinical research, respectively, were completed in February 2024. Although finalized, we are prepared to revise such respective clinical trial testing plan accordingly should there be any comments or constructive feedback to such plan we may receive from our other hospital institutions or involved parties or as part of our ethics approval process. By September of 2024, we plan to: (i) complete the ethics review, (ii) execute the clinical research contracts with the relevant research collaborators and/or the hospital institutions which shall be appointed to carry out the specific tasks of the clinical research; and (iii) submit, where possible, the clinical trial evaluation reports as part of any pre-registration reviews of the certification procedure to shorten the certification processing time for each of the breast lump and pulmonary nodules clinical studies, respectively. Shortly after in September of 2024, we expect to have each of the hospital institutions start the clinical trials stage by enrolling research participants and performing medical diagnoses for the breast lump and pulmonary nodule clinical trials, respectively. Based on the current proposed research schedule timeframe, we expect to have all research participants successfully enrolled by November 2024 and finish all clinical trial data collection by May 2025 for both clinical trials, respectively. Thereafter, we expect to have semi-final research reports from each hospital institution and the finalized clinical trial research reports in relation to the two respective clinical trials completed in June 2025. On the other hand, the clinical trials for thyroid nodule products have already finalized on July 20, 2020. Around June 2025, we plan to submit our clinical trial results for NMPA and CE certification for our breast lumps and pulmonary nodules product lines, and CE certification for our thyroid nodules product line. If our application is accepted, we expect to obtain the certification for such product line between October 2025 to the mid-year of 2026, based on the average timeline currently observed in the EU. However, there can be no guarantee that the CE Mark will be granted nor with respect to the scope of the indication. Medical devices sold in the EU must comply with the requirements provided for in the EU MDR. Compliance with these requirements is a prerequisite to be able to affix the European Conformity, or CE, mark to our products, without which they cannot be sold or marketed in the EU. To demonstrate such compliance, the Company must undergo a conformity assessment procedure, which varies according to its medical devices classification. Consequently, classification of a device depending on the risks associated with its use and its characteristics is the first step to be undertaken by the manufacturer.

Except for low-risk medical devices (Class I), where the manufacturer can self-assess the conformity of its products with the general safety and performance requirements (except for any parts which relate to sterility, metrology or reuse aspects), a conformity assessment procedure requires the intervention of a private organization designated by the EU Member States national competent authorities, or so-called "notified body". For Class IIb and III devices, which correspond to the classifications that may be expected for devices currently developed by the Company, the application file must contain the results of a clinical evaluation to evidence the safety and performance of the device, the related technical and clinical documentation, and a post- marketing surveillance plan, as detailed in Annex II of the EU MDR. In addition, the manufacturer must designate a person responsible for regulatory compliance who has expertise in the field of medical devices, as well as a European authorized representative when it is not based in the E.E.A. The manufacturer must also implement an appropriate quality and risk management system (generally using an ISO 13485:2016 certification) and implement a supplier management system.

Once the conformity certification is granted by the CE notified body, the manufacturer must issue a declaration of conformity certifying under its own responsibility its conformity with the EU MDR. The manufacturer can then affix the CE mark to its devices, which may then be marketed in the EU. The manufacturer must provide the applicable CE notified body with notice of any change or any modification that may affect the safety or performance of the device or the manufacturer's quality management system. If such change or modification is substantial, it may be subject to prior authorization from such CE notified body. If the CE notified body concludes that the manufacturer does not comply with the EU MDR requirements, it may suspend or withdraw the compliance certification it issued, and the marketing of the device would be required to be stopped until a new certification is obtained.

Selectively Pursue Strategic Acquisitions or Investment

We started to offer microwave ablation medical devices after our successful acquisition of Nanjing Changcheng in 2017. We plan to actively seek suitable opportunities for strategic acquisitions, investment or synergistic business cooperation to grow our business, expand our product portfolio, enhance sales and distribution network, and strengthen our research and development capabilities to further consolidate our market position. The acquisition or investment opportunities we may pursue include (i) companies offering microwave ablation products and technologies, which could potentially allow us to expand and/or upgrade our product offerings, (ii) companies offering laser ablation products and technologies, which could potentially allow us to expand product offerings to the treatment of prostate cancer and brain cancer, and (iii) companies that focus on the development of AI technologies and products, which could potentially allow us to utilize the AI technologies and develop AI robotic surgery assistance microwave ablation or other medical procedures.

We evaluate potential acquisition or investment targets based on a number of factors, including potential to achieve synergies, the target's operational history and results of operations, qualifications of the target's management, estimated costs and time to complete the acquisition, potential return, and market reputation. We have not currently identified any potential targets for acquisition or investment.

Automate Product Lines

Our production process, including assembly, packaging and product testing, predominantly rely on manual operations. To increase standardization and product efficiency, we plan to automate certain production steps by automating our manufacturing plants in an attempt to increase operational efficiency, enhance product standardization, and ensure quality of medical devices manufactured.

Business Model

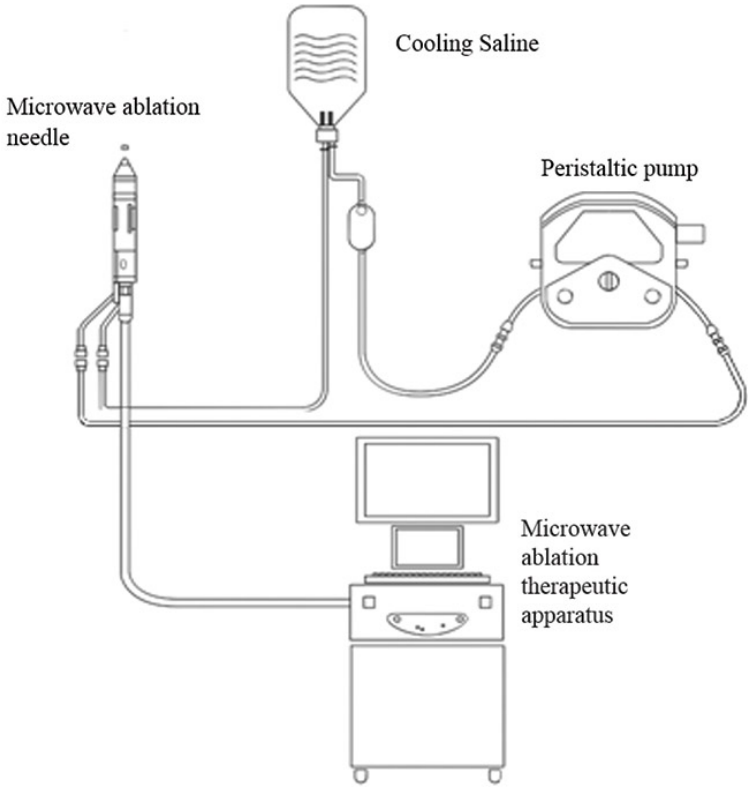
Our business primarily includes the design, development, manufacturing and sale of our proprietary microwave ablation medical devices and sales of other medical devices. For the fiscal years ended December 31, 2022 and 2023, the sales of microwave ablation medical devices represented 89.1% and 98.4% of our total revenue, respectively. For the fiscal years ended December 31, 2022 and 2023, the sales of other medical devices represented 10.9% and 1.6% of our total revenue, respectively.

Sales of proprietary microwave ablation medical devices

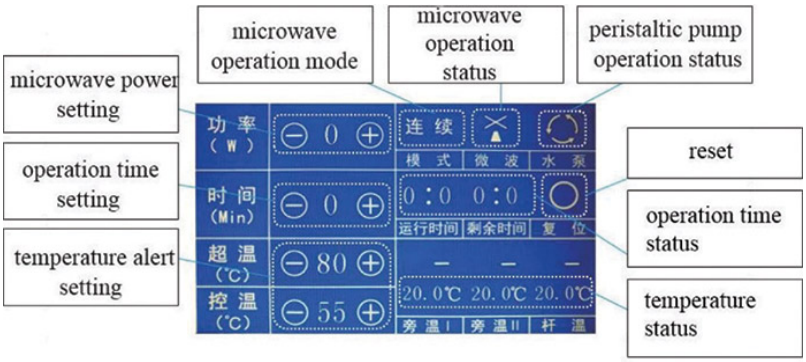
Overview of microwave ablation medical devices

Tumor ablation therapy is a technique guided by ultrasound, CT, magnetic resonance imaging ("MRI") and other imaging techniques while using energy ablation (including microwave ablation), chemical ablation, or other minimally invasive procedures to target the tumor, causing acute cellular necrosis with very high temperature to ultimately achieve inactivation of the tumor. Tumor ablation techniques are applied in the treatment of both benign and malignant tumors, and have the advantage of being safe, minimally invasive and easy to operate with a rapid recovery and low complication rate for patients. Tumor ablation therapy can also help to prevent cancer progression by curbing a benign tumor from developing into a malignant one. Therefore, early detection and treatment of benign tumors plays an important role in cancer prevention. Microwave ablation denaturizes and coagulates the protein of tumor cells with extreme heat generated by microwave energy. Microwave ablation techniques have been developed for the treatment of different benign and malignant tumors, including liver cancer, thyroid nodules, lung cancer and breast lumps.

In a typical microwave ablation treatment, patients are operated on under local anesthesia. Depending on the size and location of the tumor, the doctor presets, among other things, the power (usually 35W), ablation time (usually within 12 to 15 minutes for skilled doctors) and the ablation mode (usually continuous, pulse or pedal mode) in the microwave ablation therapeutic apparatus. The medical practitioner first makes a small incision to facilitate the penetration of the microwave ablation needle. Under the guidance of ultrasound, CT scan or other imaging equipment, which are used in conjunction with the microwave ablation medical devices to detect the location of tumors, the microwave ablation needle can be inserted into the tumor accurately. The ultrasound, CT scan or other imaging equipment employed are standard medical devices available in the hospitals. The microwave ablation needle should pass through the center of the tumor for an evenly distributed ablation effect. After ensuring the peristaltic pump is turned on to allow circulation of cooling saline, the medical practitioner will start the microwave ablation treatment. The microwave ablation therapeutic apparatus produces and transmits intense heat that coagulates the tumor tissue through the microwave ablation needle. The cooling saline runs through the microwave ablation needle except its tip which has direct contact with the tumor. The circulation of cooling saline can prevent or reduce damage to other parts of the patient's body. The medical practitioner assesses the ablation effect throughout the microwave ablation treatment to avoid over-ablation by observing the operation status as shown on the microwave ablation therapeutic apparatus and the tumor via ultrasound, CT scan or other imaging equipment. The diagram below exemplifies a microwave ablation medical set-up in a typical treatment.



The diagram below illustrates the interface of one of our proprietary microwave ablation therapeutic apparatus.



Microwave ablation needles

Our proprietary microwave ablation needles are used in conjunction with our proprietary microwave ablation therapeutic apparatus for microwave ablation treatments, and can be categorized into fine needles and long needles based on their length and diameter. Microwave ablation needles can penetrate the human body during a treatment and are non-reusable consumables. As of the date of this prospectus, we have sold approximately 100,000 single-use microwave ablation needles. The table below sets forth product category classification and features of our proprietary microwave ablation needles.

Registered Name	Registration Certificate Number	Class	Model	Product Characteristics Classification		Useful Life Span
Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle	NMPA 20183011581	Class III	XR-A2021W, XR-A2018W, XR-A2015W, XR-A2021R (round head), XR-A2018R (round head)	Long Microwave Ablation Needles	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 15 cm to 21 cm, needle diameter is 2.0 mm, to meet various clinical needs; 4. Scope of application: used for the treatment of liver tumors (solid tumor therapy is limited to patients with a diameter ≤3cm and fewer than 3 lesions of metastatic liver cancer).	2 years
Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle	NMPA 20183011581	Class III	XR-A1610W	Fine Microwave Ablation Needle	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 10 cm, needle diameter is 1.6 mm; 4. Scope of application: used for the treatment of benign thyroid nodules (nodule diameter ≥2cm, solid >80%, progressive enlargement, symptoms of compression, and aesthetic impact).	2 years
Disposable Microwave Ablation Needle	NMPA 20233010963	Class III	J-20-15, J-20-12, J-20-10, J-20-08, J-20-05, J-18-15, J-18-12, J-18-10, J-18-08, J-18-05	Long Microwave Ablation Needles	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 5 cm to 15 cm, needle diameter is 1.8mm to 2.0 mm, to meet various clinical needs; 4. Scope of application: used for the treatment of benign thyroid nodules (nodule diameter ≥2cm, solid >80%,	2 years

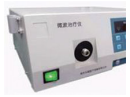
Registered Name	Registration Certificate Number	Class	Model	Product Characteristics Classification		Useful Life Span
					progressive enlargement, symptoms of compression, and aesthetic impact).	
Disposable Microwave Ablation Needle	NMPA 20233010963	Class III	J-16-15, J-16-12, J-16-10, J-16-08, J-16-05, J-14-15, J-14-12, J-14-10, J-14-08, J-14-05	Fine Microwave Ablation Needle	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 5 cm to 15 cm, needle diameter is 1.4mm to 1.6mm, to meet various clinical needs; 4. Scope of application: used for the treatment of benign thyroid nodules (nodule diameter ≥2cm, solid >80%, progressive enlargement, symptoms of compression, and aesthetic impact).	2 years

Registered Name	Registration Certificate Number	Certificate validity	Class	Model	Product Characteristics Classification		Service Life
Disposable Microwave Ablation Needle	NMPA 20233011839 (国械注准 20233011839)	December 4, 2023 to December 3, 2028	Class III	G-16-20, G-16-15, G-16-10, G-16-08	Fine Microwave Ablation Needles	This product is used in medical institutions, together with our microwave therapeutic apparatus (models: MTI-5AT, MTI-5ET and MTI-5DT) for the treatment of primary liver cancer with a diameter of ≤3cm or metastatic liver cancer with a diameter of ≤3cm and less than 3 lesions.	2 years
				G-20-25, G-20-21, G-20-18, G-20-15, G-18-25, G-18-21, G-18-18, G-18-15,	Long Microwave Ablation Needles		
Disposable Microwave Ablation Needle	NMPA 20243010517 (国械注准 20243010517)	March 19, 2024 to March 18, 2029	Class III	J-16-12-XT, J-16-10-XT, J-16-08-XT, J-16-05-XT, J-14-15-XT, J-14-12-XT, J-14-10-XT, J-14-08-XT, J-14-05-XT	Fine Microwave Ablation Needles	This product is used in medical institutions, together with our microwave therapeutic apparatus (models: MTI-5AT, MTI-5ET, and MTI-5DT) for the treatment of benign thyroid nodules (with	2 years

Registered Name	Registration Certificate Number	Certificate validity	Class	Model	Product Characteristics Classification	Service Life
					a nodule diameter ≥2cm, solid content >80%, progressive enlargement, presence of compression symptoms, and affecting appearance of patient)	
				J-20-15-XT, J-20-12-XT, J-20-10-XT, J-20-08-XT, J-20-05-XT, J-18-15-XT, J-18-12-XT, J-18-10-XT, J-18-08-XT, J-18-05-XT, J-16-15-XT,	Long Microwave Ablation Needles	

Microwave therapeutic apparatus

We produce five models of proprietary microwave ablation therapeutic apparatus. As of the date of this prospectus, we have sold more than 1,000 units of microwave ablation therapeutic apparatus. The table below sets forth the product category, product classification, size, frequency used, power, power source, useful life and special features of our proprietary microwave ablation therapeutic apparatus.

Product Category	Classification	Size	Frequency	Power	Power	Useful Life	Special Features	Picture
MTI-5AT	Class III	490mm×460mm ×155mm	2,450 MHz	range of 0 to 120W, with 1W interval	magnetron	eight years	touch-screen, over-heating protection, portable	
MTI-5B	Class III	445mm×330mm ×156mm	2,450 MHz	range of 0 to 120W, with 1W interval	magnetron	eight years	physical buttons, applicable to radiation therapy, portable	
MTI-5C	Class III	430mm×520mm ×950mm	2,450 MHz	range of 0 to 120W, with 1W interval	magnetron	eight years	touch-screen, applicable to radiation therapy, movable	
MTI-5DT	Class III	580mm×750mm ×1450mm	2,450 MHz	range of 0 to 120W, with 1W interval	magnetron	eight years	touch-screen, over-heating protection, two-port output for treatments using two microwave ablation needles simultaneously, movable	
MTI-5ET	Class III	490mm×460mm ×155mm	2,450 MHz	range of 0 to 120W, with 1W interval	solid state source	eight years	touch-screen, over-heating protection, portable	

We develop the system and monitoring software embedded in our proprietary microwave ablation therapeutic apparatus. As of December 31, 2023, we had 22 registered software copyrights.

Sales of other medical devices

We also distribute and sell other medical devices, such as catheters, ventilators, operation tables, medical gloves, syringes, and large medical machines and systems. We source these medical devices from third-party suppliers and then sell these products to customers. We believe that our track record in medical device distribution allows us to establish relationships with other market players along the value chain such as hospitals, suppliers, distributors and deliverers and enhance our brand recognition.

For the year ended December 31, 2022, 10.9% (2023 : 1.6%) of the Company's sales came from its distribution segment. The following table summarizes the medical devices sold in 2022 through distribution:

Product Name	Registration Number	Product Model	Class	Factory
Ultrasound Therapy Device	SXZZ 20162230952	HM-I-5-Y	Class II	Jiangsu Hanmei Technology Co., Ltd.
Sound-isolating Translucent Membrane	STXB 20160179	HMD-2	Class II	Jiangsu Hanmei Technology Co., Ltd.
Disposable Ultrasound Examination Sheath	YXZZ 20202062090	653003 14*120cm	Class II	Taishan Hongyi Medical Products Co., Ltd.
Medical Pressure Belt	NMPA 20162642767	3040	Class III	DJO, LLC
Medical Image Storage, Transmission and Display System	SXZZ 20192210021	HM-UPACS-1	Class II	Jiangsu Hanmei Technology Co., Ltd
Salt Water Bottle Holder	N/A	N/A	N/A	Nanjing Changcheng Medical Equipment Co., Ltd.
Craniomandibular Internal Fixation Screws	NMPA 20153131365	2.0*5mm	Class III	Shanghai Shuangshen Medical Instrument Co., Ltd
Craniomaxillary Internal Fixation Splint	NMPA 20163131419	EQ56 (calibre 22mm)	Class III	Shanghai Shuangshen Medical Instrument Co., Ltd
Craniomaxillary Internal Fixation Splint	NMPA 20163131419	ZQ16	Class III	Shanghai Shuangshen Medical Instrument Co., Ltd
Craniomandibular Internal Fixation Screws	NMPA 20153131365	79-2005	Class III	Shanghai Shuangshen Medical Instrument Co., Ltd
Diagnostic/Ablation Adjustable Elbow End Catheter	NMPA 20163012940	D134721IL	Class III	Johnson & Johnson-Biosense Webster, Inc.
Diagnostic/Ablation Adjustable Elbow End Catheter	NMPA 20163012940	D134722IL	Class III	Johnson & Johnson-Biosense Webster, Inc.
Perfusion Line	NMPA 20183662063	SAT001	Class III	Johnson & Johnson-Biosense Webster, Inc.
Star-shaped Magnetoelectric Dual Positioning Mapping Catheter	NMPA 20153072145	D128211	Class III	Johnson & Johnson-Biosense Webster, Inc.
Star-shaped Magnetoelectric Dual Positioning Mapping Catheter	NMPA 20153772145	D128208	Class III	Johnson & Johnson-Biosense Webster, Inc.
Fixed Bend Diagnostic Electrophysiological Catheter	NMPA 20163775177	F6QRD010RT	Class III	Johnson & Johnson-Biosense Webster, Inc.

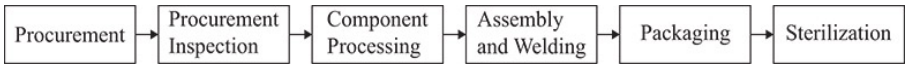
Product Name	Registration Number	Product Model	Class	Factory
Diagnostic/Ablation Adjustable Elbow End Catheter	NMPA 20163012940	D133604IL	Class III	Johnson & Johnson-Biosense Webster, Inc.
Diagnostic/Ablation Adjustable Elbow End Catheter	NMPA 20153013202	NI75TCDH	Class III	Johnson & Johnson-Biosense Webster, Inc.
Body Surface Reference Electrodes	NMPA 20172071181	CREFP6	Class III	Johnson & Johnson-Biosense Webster, Inc.
Craniomandibular Internal Fixation Screws	NMPA 20153131365	HE2.0*5	Class III	Shanghai Shuangshen Medical Instrument Co., Ltd
Magnetically Positioned Adjustable Bend Scale Measurement Catheter	NMPA 20193070344	R7D282CT	Class III	Johnson & Johnson-Biosense Webster, Inc.
Three-dimensional Diagnostic Ultrasound Catheters	NMPA 20193062105	SNDSTR10	Class III	Johnson & Johnson-Biosense Webster, Inc.
Curved Visual Bi-directional Adjustable Curved Introducer Sheaths	NMPA 20193030613	D138502	Class III	Johnson & Johnson-Biosense Webster, Inc.
Curved Visual Bi-directional Adjustable Curved Introducer Sheaths	NMPA 20193030613	D138501	Class III	Johnson & Johnson-Biosense Webster, Inc.

As shown above, the Company does not rely on any single-source supplier for the distribution sales of medical devices. Nor is the Company dependent on the sales from its distribution segment, which comprises a small portion of its overall sales. Many of the medical devices listed above are obtained by means of one-time supply transactions and therefore the Company does not expect to make, or rely on making, multiple recurring distribution sales of such medical products. In addition, revenue generated from distribution of the above medical devices constitutes only a relatively small proportion of, and has very little impact on, the Company's overall revenue levels. Given the market potential of microwave ablation products and sales to date as discussed further below, the Company intends to redirect its efforts from sales of non-microwave ablation products to research and development and sales of microwave ablation products.

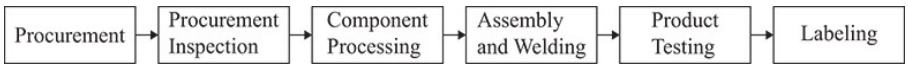
Our Production Process

As December 31, 2023, we had a production team consisting of 47 members. The following graphs illustrate the major production process for our microwave ablation medical devices:

Microwave Ablation Needles



Microwave Ablation Therapeutic Apparatus



Procurement and procurement inspection. We procure components and parts for the medical devices from third parties. We inspect the quality of components and parts sourced before they are further processed.

Component processing. Through our staff or contracted third parties, we process the components and parts sourced.

Assembly and welding. The assembly and welding of components and parts are conducted manually by production staff. The assembly process includes both mechanical assembly and electrical assembly.

Sterilization. After packaging microwave ablation needles, we transport the packaged needles to third-party service providers for sterilization with ethylene oxide sterilization technology.

Product testing. We test the effect of each microwave ablation medical device by applying the microwave ablation on animal organs to check its proper functioning under different microwave powers and with different operation time.

We also conduct quality inspections after each key step during the production process. If any flaw is detected, the semi-finished product would then be returned to the previous step to be revisited or scrapped, as appropriate. See "— Quality Control and Management."

Suppliers

Our suppliers represent (i) suppliers of direct materials for their production of microwave ablation medical devices, and (ii) suppliers of other medical devices. Typically, contractual agreements with our suppliers have a term of one year, and may be renewed. For the manufacturing of microwave ablation needles, the principal materials include metal, needles, needle connectors, plastic handles, coaxial cable and tube. For the manufacturing of microwave ablation therapeutic apparatus, the principal materials include peristaltic pump, monitor, and various components and accessories of computers. For the fiscal years ended December 31, 2022 and 2023, we purchased all of the materials from suppliers in China.

We enter into supply agreements on a case-by-case basis with suppliers of direct materials for microwave ablation medical devices. Purchase prices are usually determined with reference to the type and market price of the materials.

For the fiscal year ended December 31, 2023 and 2022, we also had four and three major suppliers that contributed more than 10% of our total cost of revenues. Our largest supplier in 2022 accounted for $1.5 million, or 21.0% of our total cost of revenues in the same period. Our second largest supplier in 2022 accounted for $0.7 million, or 10.9% of our total cost of revenues in the same period. Our largest supplier in 2023 accounted for 1.1 million, or 25.4% of our total cost of revenues. Our second largest supplier in 2023 accounted for 1.0 million, or 24.5% of our total cost of revenues in the same period.

For the fiscal years ended December 31, 2022 and 2023, we did not experience any material disputes with our suppliers, difficulties in the procurement process, or interruptions in our operations due to any shortage or delay of materials supplied. In general, the contractual agreements we enter into with our suppliers have a duration of one year, or the purchase is made based on the quantity required each time. The terms of the agreements or orders are the same as those for ordinary purchases and sales, including the price of the products, the delivery time and the quality guarantee, among others, without any special provisions. With respect to the products provided by the three suppliers mentioned above, we believe that there are viable alternatives in the market that can meet our demands and needs at comparable price points and quality. We maintain a list of qualified suppliers of key materials for microwave ablation medical devices, which is reviewed and updated annually. Qualified suppliers are selected based on a variety of factors, including price, quality and customer service.

Quality Control and Management

We aim to achieve high standard of quality control and management on a consistent basis and to maintain quality, safe and effective performance throughout the manufacturing process. We have adopted internal quality control procedures to implement stringent measures throughout the process, from procurement of materials to completion and inspection of products. As of December 31, 2023, our quality control department had 17 employees. The following sets forth a summary of our key quality control measures.

Internal reports and records. Our quality control department is required to keep the relevant reports and records during the production process to document production progress, inspection results, quality and issues.

Inspection of raw materials. We require suppliers to provide quality inspection reports on the important raw materials for production. Our quality control department will conduct sample checks on each batch of the raw materials in accordance with internal guidelines and maintain a record for the inspection.

Product quality control. We strictly monitor each step of the production process to ensure it meets internal quality control requirements. All of our staff are required to participate in mandatory training on our operation procedures and quality control requirements. Our quality control staff examines the quality of the goods at each key step of the production process before passing to the next production step and conducts routine and ad hoc quality inspections in the production areas and at selected production steps to detect any potential issues.

Finished product quality control. Our quality control staff conduct a final quality check on finished products. Our final quality check primarily focuses on product appearance, function, safety and sterilization conditions. After the quality control staff have confirmed that the quality standards for each process have been satisfied, they will issue an inspection report.

Sales Channels

For the fiscal years ended December 31, 2022 and 2023, all of our revenue was derived from the PRC. Our products are ultimately sold to hospitals for use by their patients. These hospitals include Grade II and Grade III hospitals (as classified and graded pursuant to the *Pilot Draft of the Hospital Hierarchy Management Scheme of the PRC*) across 24 provinces, municipalities and autonomous regions in China. For the fiscal years ended December 31, 2022 and 2023, approximately 430 and approximately 505 hospitals in China procured our products, respectively, among which approximately 250 and approximately 310 were Grade III hospitals, respectively.

Our products are sold to hospitals through (i) direct sales, (ii) deliverers, or (iii) distributors. We choose among these sales channels primarily based on our own capacity to sell and promote our products in any particular hospitals or regions, compared to the sales network and services offered by deliverers or distributors. Among all sales to hospitals in the fiscal years ended December 31, 2022 and 2023, our products were sold directly to hospitals, through deliverers, and through distributors to in terms of revenue are $2.2 million, $19.4 million and $13.5 million respectively in 2022 and $1.3 million, $15.2 million and $15.0 million respectively in 2023.

Direct Sales

For direct sales, we directly market products and submit tender documents to hospitals and hospitals directly place orders with and submit payments to us after delivery. We are responsible for the after-sales services to the hospitals, including technical support and customer services.

Direct sales to hospitals allow us to establish and maintain direct contact with hospitals and doctors, keep track of the frontline medical practices and the application of our products, and obtain feedback from doctors, which can help us design new products and upgrade existing product offerings.

Sales through Deliverers

We also engage qualified deliverers to fulfill our hospital sales. As a hospital procures a wide variety of medical devices on a regular basis, for simple administration, some hospitals may prefer to procure from a deliverer who provides a wide selection of products instead of engaging separate medical device and pharmaceutical manufacturers for each individual product. Through deliverers, we can also leverage their networks to sell our products to a larger number of hospitals while reducing our administrative resources. Our deliverers mainly include state-owned companies in the PRC or publicly traded companies, which primarily engage in the distribution of medical devices and pharmaceutical products with wide distribution networks in China. As of December 31, 2022 and 2023, we engaged 19 and 26 deliverers, respectively.

For sales through deliverers, we market products to hospitals, deliverers submit tender documents to the hospitals, and hospitals will then place orders with and submit payments to deliverers after products are delivered. Deliverers subsequently remit payment to us after deducting their service fees. Similar to direct sales, we are responsible for after-sales services to hospitals. Consequently, under this model, hospitals are our customers and deliverers are agents responsible for the logistics arrangement function only.

We enter into framework delivery agreements with our deliverers. The following sets forth the material terms of a typical agreement with deliverers.

Duration. Generally, the same term as set forth in our tender documents with the hospital, or a term of one year.

Delivery restriction. Deliverers are prohibited from delivering our products to customers other than designated hospitals or customers outside designated delivery areas.

Payment term. Ranging from 30 to 90 days after receipt of products by hospitals or issuance of invoice by deliverers to hospitals. The Company grants extended credit terms to a majority of its customers.

Pricing policy. The sales prices of our products are generally predetermined at or limited by the tender price. We pay deliverers service fees calculated as a percentage of the total transaction amount.

Quality assurance and after-sales services. We are responsible for providing technical training support and after-sales services. We are also responsible for quality and safety matters of products delivered. Deliverers generally are not responsible for product damage before or after product delivery.

Sales through Distributors

We sell products partly through third-party distributors. Leveraging local resources and experiences of the distributors, we are able to reach customers located in additional geographical areas across China in a cost-effective manner. Our distributors mainly include small and medium-sized businesses engaged in medical devices distribution, which typically possess a large customer base. As of December 31, 2022 and 2023, we did business with 120 and 125 distributors, respectively.

For sales through distributors, distributors are responsible for marketing and selling products to the hospitals, and they place orders directly with us after receiving orders from the hospitals. We deliver products to and receive payments from distributors. Consequently, under this model, distributors are our customers.

We enter into framework distribution agreements with our distributors. The following sets forth the material terms of a typical agreement with distributors.

Duration. Our framework distribution agreement generally has a term of one year.

Selling restriction. Distributors are prohibited from selling our products to customers other than designated hospitals. We generally are not allowed to engage multiple distributors for each designated hospital.

Payment term. Ranging from 60 to 90 days after receipt of products.

Pricing policy. We sell our products to distributors at fixed prices.

Transportation. We are responsible for delivering products to the locations designated by distributors.

Product defects. We only accept return or exchange of products if quality defects exist and the return or exchange is attributable to the quality defects.

Termination. We are entitled to terminate a distribution agreement under certain circumstances including in the event that the distributor breaches any of its undertakings.

Selection of deliverers and distributors

Our sales and marketing department is responsible for selecting deliverers and distributors by assessing a number of factors, including their local resources and experiences, access to and relationship with hospitals, understanding of our company and our products, industry experiences, as well as historical operational performance. For deliverers, hospitals generally maintain approved vendor lists from which they purchase medical devices and pharmaceutical products. In practice, we coordinate with the relevant hospital to understand which deliverers are on its approved vendor list prior to the tender process and then select a suitable deliverer within such vendor list at our discretion. For distributors, we assess their marketing capabilities for potential expansions of our sales and distribution network. When potential deliverers or distributors have an interest in joining our network of deliverers and distributors, our sales and marketing department will review their background and make a decision based on the aforementioned factors.

Pricing

We price our products based on a number of factors, such as sales channels, cost of revenues, expected sales volume, selling prices of comparable or similar products, sales regions and local government policies. Generally, we sell our microwave ablation medical devices to distributors at a lower price than direct sales or sales through deliverers to the hospitals.

Customers

Our customers primarily include distributors and hospitals in China.

For the year ended December 31, 2023, Guangdong Provincial Hospital of Traditional Chinese Medicine and one distributor (the "Top Distributor") accounted for 14.3% and 10.4% of the Company's total revenue, respectively. The Top Distributor is a private company established in 2018, primarily engaged in the sale of medical devices in the PRC, with hospital clients located across the PRC, namely close to the Jiangsu and Zhejiang province area and in the Guangdong region. However, due to the restrictions of a non-disclosure agreement, the identity of the Top Distributor cannot be disclosed. An agreement was signed between the Company and the Top Distributor ("Top Distributor Agreement") with the following material terms: (i) the Top Distributor is authorized to sell microwave ablation therapeutic apparatus and MWA needles to listed hospitals and assumes inventory risk, as products with quality issues can be exchanged but not returned otherwise; (ii) the Top Distributor can exchange faulty products, but the Company has not received any request for sales returns for the years ended December 31, 2022 and 2023, and the Company does not accept returns for non-quality-related issues; (iii) control of the goods transfers to the Top Distributor upon delivery and acceptance; (iv) the Top Distributor shall meet a minimum purchase requirement of two hundred MWA needles per fiscal year quarter; and (v) the Company has an obligation to keep information pursuant to such agreement confidential, where such confidentiality obligation shall remain in effect even after termination of such agreement, and unless exempted, any breach of such obligation shall allow the non-breaching party to demand compensation from the violating party for any economic losses incurred as a result. The Top Distributor Agreement may be terminated in a number of circumstances, namely: (i) the Top Distributor commits fraud, bribery or other acts which violate PRC laws; (ii) the Top Distributor is unable to meet its minimum purchase requirement; (iii) the Top Distributor engages in sales of medical devices from the Company's competitors which are similar to the Company's own medical devices or products; (iv) if fines or penalties incurred by the Top Distributor in accordance with the terms of the Top Distributor Agreement are not paid to the Company by the stipulated deadline; or (v) the Top Distributor fails to pay for the microwave ablation therapeutic apparatus and/or MWA needles it purchases from the Company after fifteen days following the payment due date. The Top Distributor Agreement expired as of December 31, 2023 and as a result, on January 1, 2024, the Company renewed the agreement by entering into a supplementary agreement with the Top Distributor (the "Top Distributor Supplementary Agreement") to extend the term of the Top Distributor Agreement until December 31, 2024. The material terms and termination clause of the Top Distributor Supplementary Agreement are largely similar to the material terms of the Top Distributor Agreement summarized above, but with the following key differences: (i) the Top Distributor shall meet a minimum purchase requirement of 1,250 MWA needles per fiscal year quarter; and (ii) such agreement may no longer be terminated if fines or penalties incurred by the Top Distributor in accordance with the terms of the Top Distributor Agreement are not paid to the Company by the stipulated deadline, or if the Top Distributor fails to pay for the microwave ablation therapeutic apparatus and/or MWA needles it purchases from the Company after fifteen days following the payment due date. For the six months ended June 30, 2024, the Top Distributor had met its minimum purchase requirement as stipulated under the Top Distributor Supplementary Agreement.

Based on the Company's annual review of the Top Distributor for the year ended December 31, 2023, the Top Distributor had not breached any of the provisions of the Top Distributor Agreement which may warrant the termination of the Top Distributor Agreement.

For the year ended December 31, 2022, Zhuhai People's Hospital accounted for 10.7% of the Company's total revenue. Other than that, no single customer comprises over 10% of revenue as for the year ended December 31, 2023 and 2022. The material terms of our agreements with these customers include common sale of goods terms, such as product name, product model, product price and settlement of payment. Pursuant to such agreements, our customers purchase our products based on their actual product needs as opposed to

minimum purchase requirements. The termination provisions of such agreements provide that the agreements may be terminated by the Company if any one of a number of conditions are satisfied, including, among others, if contractual performance becomes impossible due to force majeure, or if the customer declares it will not fulfill its obligations under the sales contract or fails to do so despite a demand by the Company. There are no other special provisions or arrangements with these customers compared to other customers of the Company.

Product Return and Exchanges

We are responsible for product defects according to PRC laws and regulations. Our return and exchange policy is to accept only defective products for return or exchange. There is no significant sales return for the year ended December 31, 2022 and 2023.

Research and Development

We attach great importance to research and development. As of January 4, 2024, we possessed 47 patents in the PRC and 33 pending patent applications. Further details of such patents and patent applications are described in the section titled "*Intellectual Property*" below. As of December 31, 2023, the Company holds two Class III registration certificates: microwave therapeutic instrument and accessories (which is valid between until February 5, 2028) and disposable microwave ablation needle (which is valid until July 12, 2028). We have successfully obtained the registration certificate for the Class III Certificate for MWA needles. Therefore, the cancellation of the Class II Certificate for Microwave Ablation needle will not adversely impact the operations of the company.

The following table summarizes the Company's registration certificates, including the models to which such registration certificates relate, and the relevant expiration dates for each registration certificate:

Microwave therapeutic apparatus

Model	Registration Certificate Number	Certificate Validity	Class	Frequency	Power	Power Source	Service Life
MTI-5AT	NMPA 20183011581	6 Feb. 2023 to 5 Feb, 2028	Class III	2,450MHz	Range 0 to 120W, 1W interval	Magnetron	8 years
MTI-5B	NMPA 20183011581	6 Feb. 2023 to 5 Feb, 2028	Class III	2,450MHz	Range 0 to 120W, 1W interval	Magnetron	8 years
MTI-5C	NMPA 20183011581	6 Feb. 2023 to 5 Feb, 2028	Class III	2,450MHz	Range 0 to 120W, 1W interval	Magnetron	8 years
MTI-5DT	NMPA 20183011581	6 Feb. 2023 to 5 Feb, 2028	Class III	2,450MHz	Range 0 to 120W, 1W interval	Magnetron	8 years
MTI-5ET	NMPA 20183011581	6 Feb. 2023 to 5 Feb, 2028	Class III	2,450MHz	Range 0 to 120W, 1W interval	Solid-state source	8 years

Class III MWA needles

Registered Name	Registration Certificate Number	Certificate Validity	Class	Model	Product Characteristics Classification		Service Life
Disposable Water-Cooled Microwave Thermal Coagulation Ablation Needle	NMPA 20183011581	6 Feb. 2023 to 5 Feb. 2028	Class III	XR-A2021W, XR-A2018W, XR-A2015W, XR-A2021R (round head), XR-A2018R (round head)	Long Microwave Ablation Needles	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 15 cm to 21 cm, needle diameter is 2.0 mm, to meet various clinical needs;	2 years

Registered Name	Registration Certificate Number	Certificate Validity	Class	Model	Product Characteristics Classification		Service Life
						4. Scope of application: used for the treatment of liver tumors (solid tumor therapy is limited to patients with a diameter ≤3cm and fewer than 3 lesions of metastatic liver cancer).	
				XR-A1610W	Fine Microwave Ablation Needle	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating;	
Disposable Microwave Ablation Needle	NMPA 20233010963	13 Jul. 2023-12 Jul. 2028	Class III	J-20-15, J-20-12, J-20-10, J-20-08, J-20-05, J-18-15, J-18-12, J-18-10, J-18-08, J-18-05	Long Microwave Ablation Needles	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 5 cm to 15 cm, needle diameter is 1.8mm to 2.0 mm, to meet various clinical needs; 4. Scope of application: used for the treatment of benign thyroid nodules (nodule diameter ≥2cm, solid >80%, progressive enlargement, symptoms of compression, and aesthetic impact).	2 years
				J-16-15, J-16-12, J-16-10, J-16-08, J-16-05, J-14-15, J-14-12, J-14-10, J-14-08, J-14-05	Fine Microwave Ablation Needle	1. Needle material: the needle tip is tin-phosphor bronze, the needle shaft is stainless steel, with PTFE coating; 2. Microwave frequency: 2450 MHz; 3. Specifications: needle length is 5 cm to 15 cm, needle diameter is 1.4mm to 1.6mm, to meet various clinical needs; 4. Scope of application: used for the treatment of benign thyroid nodules (nodule diameter ≥2cm, solid >80%, progressive enlargement, symptoms of compression, and aesthetic impact).	

Disposable Sterile Biopsy Needle (Class II)

Registered Name	Registration Certificate Number	Certificate Validity	Class	Model	Service Life
Disposable Sterile Biopsy Needle	SXZZ 20232141234	30 Aug. 2023 to 19 Aug. 2028	Class II	BN-MAR-1	2 years

As of December 31, 2023, our research and development team consisted of 25 members, led by our chief technical officer, Mr. Rongjian Lu. We have established a research and development committee to oversee the key stages of our research and development processes, advise on research and development strategies and review and status and progress of new research projects.

Our research and development team works closely with hospitals, academic institutions and contracted research institutions to develop and upgrade products. We actively seek input from doctors and hospitals on the design of products and solicit feedback on the user-experience of existing products. Doctors and hospitals possess first-hand knowledge of unmet clinical needs, surgeons' preferences and clinical practice trends in relation to medical devices. Our research and development process in collaboration with hospitals, academic institutions, and contracted research institutions involves the following steps:

- *Project identification and proposal*. We regularly review and communicate with the doctors and academic institutions to understand new market trends and identify potential research and development opportunities to fulfill unmet clinical demand. After we decide to initiate a project, our research and development department will prepare a project proposal outlining the product features. The representatives of our production department, procurement department and quality control department will review and determine whether to proceed with the project proposal.
- *Design and development*. Once a new project is approved, our research and development department will commence, or may collaborate with research and development partners to commence the design and development of a prototype for product registration testing and clinical trial. We will also verify the prototype to ensure it complies with our internal technical specifications and quality control requirements.
- *Product registration testing and clinical trials*. Following the development of a prototype, we will proceed to prototype manufacturing. We or our research and development partner will engage qualified third parties to carry out product registration testing of the prototype. For registration of Class III medical devices, in addition to product registration testing, we are also required by the 2021 Medical Device regulations to conduct clinical trials or provide clinical evaluation materials of previously conducted clinical testing on identical or similar medical products. With respect to our clinical trials as part of this requirement, we typically select at least three Grade III hospitals which then appoint principal lead researchers to conduct, manage and supervise the overall research process, designing the enrollment and exclusion criteria, with clearly outlined sample size calculations covering at least 120 patients from which we collect clinical data. We or our research and development partner will prepare a clinical trials proposal that outlines the goals, the potential risks and the schedule of the trials. We submit the proposal to the ethics committee of each of the participating hospitals for approval. During the clinical trial, we or our research and development partner will monitor the use of our prototypes pursuant to the approved clinical trials protocol and the patients' reactions to the products following the trial procedures and check relevant clinical data.

  For example, Baird Medical sponsored a clinical trial for its microwave ablation medical device specifically approved for the treatment of thyroid nodules, and in connection with such clinical trial, engaged a research collaborator, Nanjing Huitong Medical Technology Co., Ltd. ("NH"). NH then engaged three Grade IIIA hospitals: (i) Lishui People's Hospital in Zhejiang Province, (ii) Jiangxi Provincial Cancer Hospital in Jiangxi Province and (iii) Zhuhai People's Hospital in Guangdong Province. NH and the Company entered into clinical trial agreements or project entrustment research contracts with such hospitals. Such hospitals then appointed principal researchers from their respective institutions and conducted, in accordance with the agreed research plan, a prospective, multicenter, randomized, open, positive control, non-inferiority comparison test and collected clinical data from a total of 132 patients, including 52 patients from Jiangxi Provincial Cancer Hospital, 48 patients from Zhuhai People's Hospital and 32 patients from Lishui People's Hospital. Each hospital allocated half of their enrolled patients to each of the test group and control group.

  The equipment clinical trial agreement dated June 29, 2018 and entered into between Nanjing Changcheng, NH, and Zhuhai People's Hospital with respect to the thyroid nodules clinical trial process provided that Zhuhai People's Hospital shall, among other things, coordinate the clinical trial and undertake 34 research participants, completing the participant enrollment work within 4 months.

Under such agreement, Nanjing Changcheng is responsible for compensation arising from damages suffered by trial participants, unless such damage was caused by Zhuhai People's Hospital in violation of, among other things, the research plan. Such agreement contains IP and confidentiality clauses whereby confidentiality obligations remain in effect for 10 years after termination of the agreement. Nanjing Changcheng retains possession of any data or research findings obtained as a result of such thyroid nodule clinical study and Zhuhai People's Hospital may not use the content of such clinical trial to publish relevant papers without first obtaining written permission. Such agreement may be terminated if one party violates the terms under the agreement and fails to remedy such breach after receiving notice from the other party, if there are quality concerns about the equipment provided by Nanjing Changcheng, if Nanjing Changcheng terminates the authorization of NH to organize the clinical trial prior to the natural expiration of the agreement, or Chinese state policies change such that the project cannot be continued.

The project entrustment research contract dated August 1, 2018 and entered into between Nanjing Changcheng, NH, and the National Drug Clinical Trial Agency of Lishui People's Hospital with respect to the thyroid nodules clinical trial process stipulated that Lishui People's Hospital shall, among other things, carry out the clinical trial according to the test scheme and undertake 33 research participants, subject to Nanjing Changcheng's adjustment of participants to be enrolled, completing all the participant enrollment work within 2 months. The contract terminates automatically upon the completion of the summary study report or payment of the last sum of money to Lishui People's Hospital, whichever is later. As such, the contract is no longer in effect. Similar to the terms under the agreement entered into with Zhuhai People's Hospital, Nanjing Changcheng shall bear the cost of treatment and any corresponding financial compensation for the injury or death related to the thyroid nodule clinical, except for any damages caused by the fault of the Lishui People's Hospital and its personnel in the course of diagnosis and treatment. Under the project entrustment research contract, Nanjing Changchang owns the research results and Lishui People's Hospital must obtain Nanjing Changcheng's permission before it may use the results of the interim test for any scientific research conference or publication.

The clinical trial contract dated June 6, 2018 and entered into between Nanjing Changcheng, NH, and Jiangxi Cancer Hospital with respect to such thyroid nodules clinical trial process stipulated that Jiangxi Cancer Hospital shall act as the lead unit to carry out the clinical test in accordance with the test scheme, and complete all enrollment work for 33 research participants, or as adjusted by Nanjing Changcheng, within 2 months. Such contract shall terminate when the applicable thyroid nodule clinical trial is completed, or the relevant report is approved. As such, the contract is no longer in effect. Nanjing Changcheng shall bear the cost of treatment and the corresponding financial compensation for the injury or death related to the trial, except for any damage caused at the fault of the Jiangxi Cancer Hospital and its medical personnel in the course of the diagnosis and treatment. Under such clinical trial contract, Nanjing Changcheng shall own and have the right to use the data generated from the thyroid nodule clinical trial, its test report and the data generated.

The enrollment criteria for this clinical trial were five-fold: (i) participants had to be aged between 18 to 70 years old; (ii) participants had to have target nodules confirmed benign lesions by fine needle aspiration cytology or pathological biopsy within 6 months prior to surgery, or whose TI-RADS classification by color Doppler examination was classified as category 1~3; (iii) such nodule should have a nodule diameter larger than 2cm, or the proportion of the solid portion of the nodule is greater than 80%, and no other treatment (e.g., surgical treatment, radioactive iodine treatment, TSH suppression treatment, percutaneous anhydrous ethanol injection, etc.) has been performed; (iv) the participant is experiencing subjective symptoms that are obviously related to the nodule, such as a foreign body sensation or neck discomfort or pain, and (v) participants must have signed the informed consent form. The exclusion criteria for this trial include, among others, excluding participants with abnormal vocal cord functions on the contralateral side of the lesion.

Such clinical trial was designed to show statistical significance, and the p-value was 0.05. Such clinical trial was conducted with a noninferiority research design, with the intention of determining the rate of complete ablation of thyroid nodules of Nanjing Changcheng's MWA ablator and the single-use MWA ablation needles (the test group), as well as determining whether such products performed just as well

as compared to the designated control medical product, the VRSO1 radiofrequency ablation treatment system host and electrode needles manufactured by STARmed Co., Ltd. (the control group), which such product is already on the market. We entered into collaboration agreements with these three hospitals, and each hospital's role consisted of collecting and recording required information from the subjects related to their participation in such clinical trial, detailing such information in the case study report form, and using and re-collecting the tested medical devices and making a record of the same such that at all times it is only kept, used and stored by a responsible researcher. The relevant examinations were recorded at baseline, within seven days before or after the date that was 30 days after treatment, within seven days before or after the date that was 90 days after treatment and within seven days before or after the date that was 180 days after treatment. The primary endpoint of the clinical trial was ablation nodule volume reduction rate at 180 days after the treatment of the targeted single thyroid nodule or largest nodule where there are multiple nodules, and the secondary endpoints of the clinical trial included: (i) the proportion of subjects with successful treatment, (ii) the average ablation nodule volume reduction rate of the largest nodule 30 days and 90 days following treatment, (iii) the overall average ablation nodule volume reduction rate 180 days after the treatment, (iv) the ultrasonic blood flow scores of patients prior to the treatment, on the day following the treatment, and at 30, 90, and 180 days following treatment, and the performance test results of the patients' thyroid within about two periods of 180-days following the treatment. With respect to the examinations recorded within seven days before or after the date that was 180 days after the treatment, there was no statistically significant difference measured with respect to the primary endpoint, the average reduction in ablation nodule volume of the targeted single thyroid nodule or largest nodule of the test group (75.46%) as compared to the average reduction in ablation nodule volume of the targeted single thyroid nodule or largest nodule of the control group (78.51%). The p-value associated with such results was 0.361. In addition, there were no statistically significant differences measured with respect to the aforementioned secondary endpoints: (i) the proportion of subjects with successful treatment was 100% for both the test group and the control group; (ii) the average reduction rate in ablation nodule volume of the largest single nodule within a period of 30 days after the treatment between the test group (38.27%) and control group (45.48%) had a p-value of 0.340; (iii) the average reduction rate in ablation nodule volume of the largest single nodule within a period of 90 days after the treatment between the test group (63.58%) and control group (66.95%) had a p-value of 0.464; (iv) the average reduction rate in overall ablation nodule volume (as opposed to the primary endpoint of target nodule or largest nodule) within a period of 180 days after the treatment between the test group (76.02%) and control group (78.09%) had a p-value of 0.433; (v) in relation to the ultrasonic blood flow scores, patients of the test group and control group were measured and classified into Types I, II, III, and IV based on their blood flow score at each of the five intervals stipulated above, and these classifications at such intervals were compared between the test group and the control group, whereby the p-values for such comparisons were 0.858, 0.346, 0.845, 0.324 and 0.761, respectively; and (vi) within about two periods of 180 days after the treatment, a thyroid function test was conducted to measure various values of the patients in each of the test and control groups, whereby the p-values for such comparisons were all above 0.05 and therefore there was no statistically significant difference between the test group and control group patients' thyroid performance levels, aside from the p-value for thyroxine (TT4), which was 0.04 but such difference was determined by the researchers to be clinically unmeaningful.

For such particular clinical trial, no device defects that could lead to adverse events occurred during the trial. A total of fifteen adverse events occurred during the span of the clinical trial, where eight of such adverse events may have been related to the trial, while the remaining seven adverse events were deemed to not relate to the trial, and were incidents of deteriorating medical conditions of the subjects enrolled in such clinical trial. The adverse events relating to the clinical trial included postoperative patients complaining of hoarseness of their voice, neck pain, neck inflammation and sore throat. Such adverse events which occurred during the clinical trial are common complications caused by ablation treatment. Adverse events relating to the deteriorating medical condition of the patients occurred in subjects who were also diagnosed with other conditions during the span of the clinical trial, such as having a gastric polyp, microinvasive adenocarcinoma of the lung, or an adenoma of the sigmoid colon. Such patients were either treated for such conditions or their symptoms improved such that the clinical trial testing could continue. Aside from the clinical trial on microwave ablation medical devices for the treatment of thyroid nodules, the Company has submitted or is in the process of submitting research proposals to

various hospitals to conduct clinical trials for microwave ablation medical devices for the treatment of breast lump as well as pulmonary nodules, which clinical trials have not yet started. The clinical trial on microwave ablation medical devices for the treatment of thyroid nodules was sponsored by Baird Medical because Baird Medical paid the hospitals per the collaboration agreements. Further information on each of these clinical trials can be found in the section below titled "Research and Development — Clinical Trials".

- *Regulatory approval*. We or our research and development partner will prepare formal reports to be submitted to the NMPA or provincial MPA to seek approval for the commercialization of our new products. Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (the "2021 Medical Device Regulations"), applicants for the commercialization of a new medical device or product shall submit for review: (i) risk analysis materials of such medical device or product; (ii) technical requirements of such medical device or product; (iii) medical device or product inspection reports; (iv) clinical evaluation materials of such medical device or product, which should either be reports on clinical testing conducted by the applicant or review papers or previously conducted clinical testing on identical or similar medical products; (v) sample manuscripts of product instructions and labels of such medical device or product; (vi) quality management system documents with respect to product research, development and production of such medical device; and (vii) other materials related to the safety and efficacy of the products. These documentation requirements are the same for Class II and Class III medical devices.

It typically takes 24 to 36 months for Class II medical devices and 48 to 60 months for Class III medical devices to complete the research and development process. Although both Class II and Class III medical devices are subject to the same filing requirements under the 2021 Medical Device Regulations, the key difference between the research and development process for Class II and Class III medical devices is that the reports containing the aforementioned information are submitted to the Provincial MPA for Class II medical device product registration, whereas such reports for Class III medical device product registration are submitted to the NMPA. As a result, Class III medical devices are often subject to a much more rigorous review regime as compared to Class II medical devices.

For the fiscal years ended December 31, 2022 and 2023, we incurred research and development expenses of $3.9 million and $4.3 million, respectively.

Research and Development — Collaborators

Currently, we collaborate with Nanjing Huitong Medical Technology Co., Ltd. and Beijing Xinzhida Medical Technology Service Co., Ltd, as contracted research institutions. We typically enter into framework collaboration agreements with these research institutions and agree to make installment payments according to the milestones of a particular research project, such as our clinical trials. Whether we own the intellectual property rights of the technologies or products arising from these collaboration agreements depends upon the terms in the applicable governing agreement. We also collaborate with Nanjing Forestry University, an academic institution, and Zhuhai People's Hospital, a hospital, for our research and development efforts in relation to non-clinical trial related technology research developments. Collaboration agreements entered into with Nanjing Forestry University and Zhuhai People's Hospital in relation to our research and development efforts have been entered outside the ordinary course of business which are material to us.

The clinical research strategic cooperation framework agreement dated December 8, 2020 with Nanjing Huitong Medical Technology Co., Ltd. (the "NH Collaboration Agreement") is in effect until completion of clinical trial registration or the acquisition of the registration certificate. The NH Collaboration Agreement has not been amended or terminated as of the date of this prospectus. Under the NH Collaboration Agreement, NH provides, among others, (i) technical appraisal of the Company's medical devices in relation to NMPA registration, (ii) technical and research development, (iii) medical device clinical trial management and services in relation to the clinical trials governed thereunder, (iv) management of each stage of the clinical research, including but not limited to related data management and statistical analysis and coordination services, and (v) assistance with applying for medical device product registration certificates. Typically, NH would then enter into separate clinical trial agreements with hospitals or research institutions to help carry out the clinical trial testing work. NH has helped the Company complete the thyroid nodule clinical trials in the past and under the NH Collaboration Agreement has assisted with or will be assisting the Company with the

disclosed pulmonary nodule clinical trials, and various clinical trials which are being proposed to be engaged in the future but which have not been confirmed yet, namely clinical trials in relation to the Company's products on the myoma of the uterus, spinal bone tumor, and varicosity. There are no intellectual property provisions under the NH Collaboration Agreement and is subject to project-specific contracts. The Company also does not share any of its registered patents or patents which are being applied for registration with NH and therefore there are no royalty fees. The NH Collaboration Agreement contains standard confidentiality provisions. As consideration for services provided under the NH Collaboration Agreement, the company shall pay a discounted total of RMB 63 million. As of December 31, 2023, we have paid an aggregate of approximately RMB13.8 million for the completion of the first three phases of work in relation to the MWA of liver tumors and thyroid nodules, and the partial completion of the fourth phase in relation to the benign breast lumps clinical trials in the PRC. The payment date of the remaining approximately RMB49.2 million will be dependent on the progress of the breast lump clinical trials, and the confirmation of the aforementioned clinical trials which have not yet been confirmed to begin as of the date of this prospectus. Pursuant to the NH Collaboration Agreement, out of the remaining approximately RMB49.2 million, approximately RMB12.9 million will be for the myoma of the uterus clinical trials, approximately RMB18.3 million will be for the spinal bone tumor clinical trials, and approximately RMB 13.0 million will be for the varicosity clinical trials, all of which such clinical trials are yet to be confirmed, while the remaining approximately RMB5.0 million will be for the remaining installments of the breast lump clinical trials. Each of the clinical trials under the NH Collaboration Agreement tend to follow a similar milestone payment regime: (a) 10% of the stipulated fee for such clinical trial shall be paid upon executing the project-specific clinical trial agreement between the Company and NH; (b) 20% of the stipulated fee for such clinical trial shall be paid within 5 days of obtaining approval of the relevant institutions' ethics committee; (c) 20% of the stipulated fees for such clinical trial shall be paid within 5 days of the execution of the respective clinical trial-specific project agreements between the Company, NH, and the hospitals and/or institutions which are responsible for managing and executing the clinical trials; (d) 35% of the stipulated fees for such clinical trial shall be paid within 5 days of enrolling 50% of the total research subjects; (e) 10% of the stipulated fees for such clinical trial shall be paid following the submission of the clinical trial report; and (f) the remaining 5% shall be paid within 5 days of obtaining NMPA registration for the relevant test medical device used in such clinical trial. The next expected installment payment to NH thereunder is in relation to the pulmonary nodule clinical trial, and is expected to be approximately RMB3.5 million (representing approximately 20% of RMB17.6 million) within five days of obtaining ethics committee approval for such pulmonary nodule clinical trials. The NH Collaboration Agreement does contain an exclusivity clause whereby NH enjoys exclusivity as our collaborator for the contracted projects. As of the date of this prospectus, NH has no direct involvement in any of our patents or patent applications. The NH Collaboration Agreement may be terminated if one party materially breaches the terms thereunder and fails to remedy such failure, or if one party provides 30 days' written notice to the other party or ceases, terminates or indefinitely suspends the services contemplated thereunder.

The technical development (cooperation) contract with Xiamen Institute of Rare Earth Minerals ("Xiamen" and such agreement the "Xiamen Collaboration Agreement") was entered into on December 10, 2019 and expires on December 9, 2020 and as such is no longer in effect. Under the Xiamen Collaboration Agreement, Xiamen agreed to develop a rare earth nanoscale needle with high efficiency in the near-infrared region, along with related tumor thermal ablation technologies, including (i) development of 1-2 types of synthesized imaging and photothermal-integrated rare earth nanoscale needle for targeted tumor imaging research, (ii) investigation of precise tumor thermal ablation effects guided by imaging and (iii) application of 1-2 patent(s) upon project completion or upon obtaining conclusive research findings. The research and development activities under the Xiamen Collaboration Agreement are not related to any of the Company's planned clinical trials. There were no exclusivity provisions under the Xiamen Collaboration Agreement. The Xiamen Collaboration Agreement provided that the research findings and related intellectual property rights generated under the agreement would be jointly owned by both parties, and both parties would have the right to freely use the technology generated from the research. The Company may acquire full ownership of the intellectual property rights through negotiation with Xiamen by purchasing such rights. The research findings and related intellectual property rights generated as a result of performance of the agreement, but which are achieved completely independently by one party, are exclusively owned by such party. Ownership of the research findings and related intellectual property rights resulting from the joint planning and development by both collaborating parties in fulfilling the agreement are jointly owned by both parties. The work product under the Xiamen Collaboration Agreement has no bearing on any of our registered intellectual property

rights. As such, there are no applicable royalty payment arrangements. The Xiamen Collaboration Agreement contains standard confidentiality provisions which are in effect for three years after the agreement was terminated. Under the Xiamen Collaboration Agreement, the Company as consideration is required to pay RMB500,000 to Xiamen, of which as of the date of this prospectus, the full amount has been paid and settled. Aside from standard force majeure causes of termination, the agreement may be terminated if the stipulated research subject has been made public by another third party at no fault of the contracted parties, the cooperating party under the Xiamen Collaboration Agreement shall notify the other party of the same for termination of the Xiamen Collaboration Agreement.

The technical service contract dated July 2, 2018 entered into with Beijing Xinzhida Medical Technology Service Co., Ltd ("FIIG" and such agreement the "FIIG Collaboration Agreement") is in effect until the clinical research project governed thereunder has concluded and the relevant NMPA registration has been obtained. Under the FIIG Collaboration Agreement, FIIG (i) provides clinical trial technical services and guidance on the trial base selection, (ii) designs the initial draft of clinical protocols, (iii) oversees and monitors the clinical trial, (iv) performs statistical analysis of clinical trial data and (v) collaborates with clinical institutions to issue clinical trial reports. FIIG is assisting the Company in managing the executing the breast lump clinical trial. Typically, FIIG would also enter into clinical trial agreements with hospitals or research institutions to assist with carrying out the clinical trial testing stages of the work. However, we would not be a party to the clinical trial agreements between FIIG and such respective hospitals or research institutions. As consideration for FIIG's services under the FIIG Collaboration Agreement, the Company shall pay to FIIG an approximate amount of RMB3.8 million. As of December 31, 2023, the Company has paid an aggregate amount of approximately RMB3.0 million, and expects to pay the remaining approximately RMB0.8 million in two equal instalments, first instalment to be paid within five working days of the successful enrolment and allocation of all test subjects into their respective trial or control groups, and the second instalment to be paid within five working days of the finalization of the clinical trial findings summary report. The FIIG Collaboration Agreement does not stipulate how intellectual property rights generated from such agreement will be treated. Given the FIIG Collaboration Agreement concerns only designing and helping Baird Medical to manage the clinical trial and the delivery of its report, it is not expected there would be any substantial intellectual property rights generated pursuant to the FIIG Collaboration Agreement. There are also no royalty payment arrangements governed under the FIIG Collaboration Agreement. The FIIG Collaboration Agreement contains standard confidentiality provisions. The FIIG Collaboration Agreement may be terminated if the services contemplated thereunder could not be implemented due to a number of uncontrollable events, such as a change in laws and regulations, national standards and industry standards, or if such services could not be performed within the stipulated contracted period due to reasons attributable to Nanjing Changcheng.

The technology development (commission) agreements with Nanjing Forestry University ("NF" and such agreements the "NF Collaboration Agreements") are a series of four technology-specific contracts executed on May 20, 2017 and February 20, 2018. Each of the NF Collaboration Agreements expired one year from the date of its execution and as such are no longer in effect. Under the NF Collaboration Agreements, NF has agreed to complete the research and development project for the main control circuit system, temperature measurement system, and related circuits of the microwave ablation therapeutic apparatus (including the specification of MTI-5AT, MTI-5DT, MTI-5ET, MTI-5FT). The research and development work which NF is assisting the Company with is not related to any of the Company's proposed clinical trials. There are no exclusivity provisions under the NF Collaboration Agreement. The NF Collaboration Agreements provides that either party may utilize the research and development findings according to the terms of the agreement for subsequently improved products. The ownership of any new technological advances characterized by the substantial or creative technical process of one party's independent work belongs solely to that party. The parties to the NF Collaboration Agreements agree that should any intellectual property arise from the technology development of such contracts, the parties will negotiate the ownership thereof. As consideration for NF's services under the NF Collaboration Agreements, the Company shall pay to NF an aggregate amount of RMB60,000. As of the date of this prospectus, all payments to be made under such NF Collaboration Agreements have been paid and settled. In relation to the NF Collaboration Agreements, NF ultimately assisted us with securing and obtaining the utility patent CN 202022881052.8, a device for reducing magnetron power fluctuations which was registered on August 24, 2021 and shall expire on December 1, 2030. Pursuant to a verbal agreement with NF, the Company owns all rights in the utility patent CN 202022881052.8 in their entirety. No royalty payments will be made to NF pursuant to such patent. For further information on

such patent, please refer to the section below titled "Intellectual Property". The NF Collaboration Agreements contain standard confidentiality provisions which are in effect for ten years after the agreements terminate. Aside from the standard force majeure provision, each of the NF Collaboration Agreements may be terminated with fifteen days' notice from one party to the other if in the performance of such NF Collaboration Agreement, the technology which is the subject of the research and development has been made public.

The strategic cooperation agreement with Zhuhai People's Hospital ("Zhuhai" and such agreement the "Zhuhai Collaboration Agreement") was entered into on April 22, 2021 and is in effect until April 21, 2026. Under the Zhuhai Collaboration Agreement, Zhuhai and the Company have agreed to (i) form a working group to establish mechanisms for leadership communication, departmental coordination, talent exchange, and training (ii) engage in deep collaboration on pre-clinical scientific research and (iii) undertake clinical research-related activities. The Company has agreed to provide a clinical application transfer platform and offering application scenarios for technological products or biological agents which are developed and/or approved by both parties or solely by Zhuhai. The Zhuhai Collaboration Agreement itself focuses on research and development activities and is not specific to any of the clinical trials of the Company which have been listed in this Registration Statement. No consideration is contemplated in the Zhuhai Collaboration Agreement itself and the pricing and specific scope of work will be dependent on subsequent contracts entered separately into by Zhuhai and us. There are no exclusivity provisions under the Zhuhai Collaboration Agreement but it contains standard confidentiality provisions. The Zhuhai Collaboration Agreement provides that all intellectual property rights acquired during the term of the agreement are to be shared by both parties. For academic papers published during the term of the agreement related to the project, the first author's affiliation must be listed as Zhuhai, with at least one relevant research staff member from Zhuhai serving as the first author and corresponding author. For patents applied for during the term of the agreement, the patent rights are jointly owned by both parties, and neither party may transfer, or grant permission related to, such rights to others arbitrarily. The Company has a right of first refusal to purchase and use any aforementioned patents generated. Upon the expiration of the agreement, both parties have the right to conduct further research, and any research outcomes resulting from such research belong to such researching party. As of the date of this prospectus, no patents registered or applied for by the Company was developed in connection with the Zhuhai Collaboration Agreement. The Zhuhai Collaboration Agreement may be terminated naturally upon its expiration, or may be terminated if: (i) one party breaches the terms of the Zhuhai Collaboration Agreement and fails to remedy such breach despite notice from the requesting party, such requesting party may terminate such agreement upon delivering a termination notice in writing to the defaulting party; (ii) one party breaches applicable laws or regulations, and the non-defaulting party delivers a termination notice in writing to the defaulting party, or (iii) either party applies for or is put into bankruptcy, merger or dissolution, at which point the Zhuhai Collaboration Agreement terminates automatically; or (iv) one party breaches the terms of such Agreement and the non-defaulting party suffers economic loss as a result, such non-defaulting party may terminate the Zhuhai Collaboration agreement and seek damages for such economic loss.

Research and Development — Clinical Trials

The Company has currently, together with its research collaborators, initiated (and/or completed, as indicated in the status column) the process for three clinical trials. These clinical trials were sponsored by Baird Medical because payment was and/or will be made to the hospitals by the research collaborators party to the research collaboration agreements. The following table presents the particulars of each clinical trial:

Thyroid Nodule Clinical Trials

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrolment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
Jiangxi Provincial Cancer Hospital Zhuhai People's Hospital Lishui People's Hospital	Associate Chief Physician from such hospital Associate Chief Physician from such hospital Chief Physician from such hospital	To determine the rate of complete ablation of thyroid nodules of Nanjing Changcheng's MWA ablator and the single-use MWA ablation needles and whether such products were inferior compared to the designated control medical product.	A prospective, multicenter, randomized, open, positive control, non-inferiority test design was adopted, and a total of 132 cases were enrolled, including 66 cases in each of the experimental group and the control group. Treatment with microwave ablation or radiofrequency ablation was randomized among the subjects who agreed to be enrolled. By recording the relevant examinations at baseline, 1 month after treatment, 3 months after treatment, and 6 months after treatment, comparing data such as the proportion of subjects with successful surgery, nodule shrinkage, occurrence of complications, and the proportion	VRSO1 radiofrequency ablation treatment system host (Registration number: NMPA 20173252338) and electrode needles (Registration Number: NMPA 20143255486) manufactured by STARmed Co., Ltd.	**Primary endpoint:** ablation nodule volume reduction rate at six months after operation; **Secondary endpoint:** Surgical success rate, postoperative nodule volume reduction rate (30-days, 90-days, and 180-days post operation), ultrasound blood flow score, thyroid function tests; **Baseline evaluation index:** vital signs, incidence of treatment-related complications, incidence of other adverse events, evaluation of system operation safety; **Safety evaluation index:** vital signs, incidence of treatment-related complications, incidence of other adverse events, evaluation of system operation safety;	**Enrolment Criteria:** 1. Age between 18 to 70 years old (inclusive), no gender limit; 2. Subjects whose target nodules were confirmed to be benign lesions by fine needle aspiration cytology (FNAC) or pathological biopsy within six months prior to surgery, or whose TI-RADS classification by color Doppler examination was classified as category 1~3; 3. Nodule diameter ≥2cm, or the proportion of solid portion of the nodule is greater than 80%, and no other treatment (e.g., surgical treatment, radioactive iodine treatment, TSH suppression treatment, percutaneous anhydrous ethanol injection, etc.) has been	132 subjects were enrolled in total. Out of the 132 subjects, 52 were enrolled in the hospital in the Jiangxi province, 48 were enrolled in the hospital in the Guangdong province, and 32 subjects were enrolled in the hospital in the Zhejiang province, respectively, with each hospital allocating half of their enrolled subjects to the test group and control group, respectively.	Based on a review of past clinical studies, the average reduction rate in nodule volume after 6 months of the standard treatment is about 80%. Given the study is designed to compare the new treatment (the test group) against the control treatment which is already available on the market (the control group), we have proceeded with the non-inferiority margin rate of -15%, meaning in this study, the new treatment can be up to 15% less effective than the control treatment and still be considered statistically to perform just as well in comparison to the control treatment. Further, this trial proceeded with the estimate that: (i) conservatively, there may be a 28% deviation difference between patients in the test group and control group; and (ii) there is a 2.5% chance of a false positive in determining non-inferiority	A total of 15 adverse events were recorded, where 8 adverse events may relate to the trial, with the remaining 7 being unrelated and concern the deteriorating medical conditions of the enrolled subject. None such events involved a device defect that could lead to adverse events occurred during the trial. **Related Adverse Event:** Out of the 8 adverse events, 4 post-operative subjects reported hoarseness of their voice, 2 post-operative subjects reported neck pain, 1 post-operative subject complained of neck inflammation and 1 post-operative subject complained of sore throat. Such adverse	Completed.

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrolment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
			of patients with effective treatments, to evaluate the safety and effectiveness of the trial product for thermal ablation treatment of benign thyroid nodules.		**Evaluation of Product Use:** common functions, ease of use, reliability evaluation.	performed; 4. The presence of subjective symptoms that are obviously related to the nodule (e.g., foreign body sensation, neck discomfort or pain, or symptoms caused by adjacent organs); or an tendency of malignant transformation (e.g., the occurrence of related symptoms, or imaging tests suggesting that the size of the nodule is increasing progressively); or patients with excessive worries that affect normal life; or subjects with symptoms of hyperthyroidism caused by autonomous functional nodules; 5. Subjects (or their designated agents) must sign the informed consent form. **Exclusion Criteria:** 1. Subjects with abnormal vocal cord function on		and an 80% chance of correctly concluding the new treatment to perform just as well in comparison to the control treatment. Based on inputting these assumptions into a statistical software called PASS11, it was determined that 56 subjects needed to be enrolled in each of the test group and the control group, for an aggregate of 112 participants. However, because we expect that about 15% of the participants may drop out of the study throughout the trial or fail to follow-up with the researchers, we planned to enroll at least 132 participants to ensure that we will have sufficient sample data for this trial even with potential patient drop-outs.	events are common complications caused by ablation treatment. **Unrelated Adverse Event:** The 7 adverse events unrelated to the trial involved subjects which were diagnosed with various conditions, such as gastric polyp, microinvasive adenocarcinoma of the lung, or an adenoma of the sigmoid colon. These subjects were subsequently hospitalized and were either treated or symptoms alleviated such that the clinical trial may continue.	

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrolment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						the contralateral side of the lesion; 2. Subjects with active thyroiditis and infections at the surgical site or adjacent sites; 3. Subjects with large areas of calcification in the nodule that affect observation; 4. Subjects with large blood vessels and nerves around the thyroid nodules, serious adhesion of the nodules to the esophagus and trachea, etc., and nodules located at the lower pole of the gland and beyond the sternum; 5. Subjects with severe heart, liver, or kidney dysfunction (cardiac function grade II and above; ALT, AST > 2.5 times the upper limit of normal value; serum creatinine > 1.5 times the upper limit of normal value); 6. Severe anemia				

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrolment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						(Hb<60g/L); 7. Subjects with cognitive abnormalities or severe mental illness, etc., who are unable to cooperate with the study; 8. Pregnant and lactating women; 9. Subjects who have participated in other clinical studies within the past three months; 10. Other conditions in which the researcher believes that the patient is not suitable to participate in this study.				

[2]Breast Lump Clinical Trials

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
Sun Yat-sen University Cancer Center the Fifth Affiliated Hospital of Guangzhou Medical University Shandong Provincial Qianfoshan Hospital the Affiliated Hospital of Putian University	Chief Physician from such Hospital Chief Physician from such hospital Chief Physician from such hospital Chief Physician from such hospital	To evaluate the rate of complete ablation of breast lump nodules of the MWA ablator and its accompanying ablation needles produced by Nanjing Changcheng and whether such products were inferior compared to the designated control medical product.	The clinical trial is designed as "prospective, multicenter, stratified group randomized, open, parallel positive control, and non-inferiority test". to verify that when the microwave ablation device and supporting ablation needle produced by Nanjing Changcheng Medical Equipment Co., Ltd. are used for ablation of breast fibroadenoma, the complete nodule ablation rate is not inferior to that of the control product, which meets the requirements of clinical application, and the product is safe and reliable in the process of use. A total of 188 cases will be enrolled.	WE7568-II tumor ablation treatment system generator (Registration number: NMPA 20173014200) and the WHK-1A, WHK-1B, WHK-1C, WHK-2A, WHK-2B and WHK-2C models of ablation electrode needles registered by Beijing Wei'erfu Electronics Company.	**Primary endpoint:** complete nodule ablation rate on postoperative day 90±7; **Secondary endpoint:** 1. nodule volume reduction rates on day 90 ± 7, day 180 ± 14, and day 360 ± 14; 2. evaluation of the ablation device's operational performance; 3. evaluation of the ablation needle's operational performance; 4. visual analog scale pain scores; 5. aesthetic satisfaction. **Safety evaluation indexes:** SAE (serious adverse event) incidence rate, AE (adverse event) incidence rate, and device defect incidence rate.	**Enrollment Criteria:** (1) Age between 18 to 50 years old (inclusive), no gender limit; (2) Breast solid nodule with a longitudinal diameter ranging from 10mm to 30mm (inclusive), as measured by ultrasound; (3) Target breast nodules, within the 3 months prior to ablation, confirmed as fibroadenomas through hollow needle (large needle) biopsy; (4) Subjects or their legal representative can understand the purpose of the study, demonstrate adequate compliance with the study protocol, and sign the informed consent form. **Exclusion Criteria:** (1) Subjects who have received treatment prior to target breast nodule ablation or	N/A	Based on a review of the literature2 and considering the clinical practice, it is expected that both the new treatment (the test group) and the control treatment which is already available on the market (the control group) will completely eliminate the breast lump in 95% of cases. On this basis, we have proceeded with the non-inferiority margin rate of -10%, meaning in this study, the new treatment can be up to 10% less effective than the control treatment and still be considered statistically to perform just as well in comparison to the control treatment. Further, this trial proceeded with the estimate that there is a 2.5% chance of a false positive in determining non-inferiority and an 80% chance of correctly concluding the	N/A	The clinical test stage has not yet carried out.

[2] Zhou Qin, Ma Kui, Liang Mengdi, et al. Feasibility study on microwave ablation for benign breast nodules [J]. Journal of Nanjing Medical University (Natural Science), 2017, 37 (10) : 1337-1338.

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						who require treatment by other methods (e.g., surgery, focused ultrasound ablation, cryoablation, or ethanol injection) during the trial; (2) Subjects with severe bleeding tendency and obvious hemogram abnormalities that cannot be corrected within a short period of time for coagulation dysfunction (platelets < 50× 109/L, prothrombin time > 25s); (3) Subjects whose anticoagulant therapy and/or antiplatelet drugs have not been discontinued for more than 7 days prior to treatment; (4) Subjects with abnormal function of heart, lung, liver, kidney and other important organs (cardiac function NYHA grade 3 or above, ALT, AST > 1.5 times the upper limit of normal reference value, or Ccr < 60ml/min);		new treatment to perform just as well in comparison to the control treatment. Based on these assumptions and parameters, we calculated that at least 75 participants in each of the test group and the control group (or 150 participants in total) would be needed. However, we expect that about 20% of participants may drop out or fail to follow-up with the researchers throughout the trial, and therefore in order to accumulate sufficient data for this research, we have determined a total of 188 subjects will be required to be enrolled, such that there are 94 participants in each of the test group and the control group.		

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						(5) Subjects with other serious medical conditions (including clinically relevant cardiovascular disease or myocardial infarction within 12 months prior to enrollment; history of severe neurological or psychiatric disorders; preoperative presence of serious infections that must be controlled with medications; active disseminated intravascular coagulation; and high thrombotic risk); (6) Subjects with ineffective control of blood sugar (fasting blood sugar > 7 mmol/L or glycosylated hemoglobin > 7% during the screening period); (7) Subjects with built-in breast prosthesis; (8) Subjects with implanted pacemakers or cardiac electrodes; (9) Pregnant and lactating women;				

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						(10) Subjects who have participated in a clinical trial of another drug or device within 3 months prior to the trial; (11) Subjects who, in the opinion of the researcher, are not suitable for participation in this clinical trial.				

[3]Pulmonary Nodule Clinical Trials

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
Sun Yat-sen University Cancer Center Beijing Hospital Beijing Chao-Yang Hospital of the Capital Medical University Qingdao Central Hospital	Chief Physician of such hospital Chief Physician of such hospital Chief Physician of such hospital Associate Chief Physician such hospital	To evaluate the rate of complete ablation of breast lump nodules of the MWA ablator and its accompanying ablation needles produced by Nanjing Changcheng and whether such products were inferior compared to the designated control medical product.	The clinical trial is designed as "prospective, multicenter, stratified group randomized, open, parallel positive control, and non-inferiority test" to verify that when the microwave ablation instrument and disposable microwave ablation needle produced by Nanjing Changcheng Medical Equipment Co., Ltd. are used for pulmonary nodule ablation, the complete ablation rate of pulmonary	WE7568-II tumor ablation treatment system generator (Registration number: NMPA 20173014200) and the WHK-1A, WHK-1B, WHK-1C, WHK-2A, WHK-2B and WHK-2C models of ablation electrode needles registered by Beijing Wei'erfu Electronics Company.	**Primary endpoint:** complete ablation rate of pulmonary nodules on postoperative day 90±7 and postoperative day 180±14; **Secondary endpoint:** 1. immediate ablation effectiveness rate 48 hours after pulmonary nodule ablation; 2. evaluation of the ablation device's operational performance; 3. evaluation of the ablation needle's operational performance. **Safety**	**Enrollment criteria** (1) Age between 18 to 75 years old (inclusive), no gender limit; (2) Subjects who plan to undergo ablation treatment of malignant or suspected malignant pulmonary nodules, including alveolar epithelial atypical adenomatoid hyperplasia or primary peripheral non-small cell lung cancer or pulmonary nodules with malignant tendency; (3) Subjects	N/A	Based on a review of the literature3 and considering the clinical practice, it is expected that both the new treatment (the test group) and the control treatment which is already available on the market (the control group) will completely eliminate the pulmonary nodule 180 days after the treatment in 96% of cases. On this basis, we have proceeded with the non-inferiority margin rate of -10%, meaning in	N/A	The clinical test stage has not yet carried out.

3 Liu Hao, Yang Yunlong. Evaluation of safety and short-term efficacy of CT-guided percutaneous microwave ablation for pulmonary nodules [J]. Chinese Journal of Clinical Research, 2022, 35 (07) : 982-985.

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
			nodules is non-inferior to that of the control product, which meets the requirements of the clinical application, and the products are safe and reliable in the process of use. A total of 152 cases will be enrolled.		**evaluation indexes:** SAE (serious adverse event) incidence rate, AE (adverse event) incidence rate, device defect incidence rate.	with no more than 3 unilateral pulmonary nodules (bilateral lungs ≤5) and with lung nodules requiring ablation that are 8 mm to 30 mm in diameter (inclusive); (4) The subject refuses or is deemed unsuitable for surgical resection or stereotactic radiation therapy; (5) Subjects or their legal representative can understand the purpose of the study, demonstrate adequate compliance with the study protocol, and sign the informed consent form. **Exclusion Criteria:** (1) Subjects with Eastern Cooperative Oncology Group performance status score >3; (2) Subjects who have received chemotherapy, radiation therapy, immunotherapy, targeted therapy, surgery, or other minimally invasive		this study, the new treatment can be up to 10% less effective than the control treatment and still be considered statistically to perform just as well in comparison to the control treatment. Further, this trial proceeded with the estimate that there is a 2.5% chance of a false positive in determining non-inferiority and an 80% chance of correctly concluding the new treatment to perform just as well in comparison to the control treatment. Based on these assumptions and parameters, we calculated that at least 61 participants in each of the test group and the control group (or a total of 122 participants) would be necessary. However, we expect that about 20% of participants may drop out or fail to follow-up with the researchers throughout the trial, and therefore in order to accumulate sufficient data for this trial,		

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						approaches to tumor treatment within 30 days prior to ablation; (3) Subjects who require continued treatment of the tumor or pulmonary nodule with chemotherapy, radiotherapy, immunotherapy, targeted therapy, surgery, or other minimally invasive methods for the duration of the trial after surgery; (4) Subjects with severe pulmonary fibrosis and pulmonary hypertension; (5) Subjects requiring ongoing hormone therapy throughout the trial period; (6) Subjects with pleural effusion and poor control; (7) Subjects with impaired consciousness or unable to cooperate with treatment; (8) Subjects with severe bleeding tendency and obvious hemogram abnormalities that cannot be corrected within a short period of time		we have determined a total of 152 subjects will be required to be enrolled, such that there are 76 participants in each of the test group and the control group.		

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						for coagulation dysfunction (platelets<50×109/L, prothrombin time >18s, and prothrombin activity <40%); (9) Subjects whose anticoagulant therapy and/or antiplatelet drugs have not been discontinued for more than 7 days prior to treatment, and the interval between the last use of bevacizumab did not exceed 1 month; (10) Subjects with significant organ insufficiency or other serious diseases (including cardiovascular disease affecting the treatment of this ablation surgery or myocardial infarction within 12 months prior to enrollment; history of severe neurological or psychiatric illness; active disseminated intravascular coagulation; high thrombotic risk; severe anemia, dehydration, and severe disturbances in nutritional				

Institution	Principal Researcher	Research Objective	Clinical Study Design	Designated Control Medical Product	Evaluation Index	Enrollment and Exclusion Criteria	Subject Enrolment Breakdown	Sample Size Calculation	Adverse Events	Status
						metabolism that cannot be corrected or improved in the short term; severe systemic infections, and hyperthermia (>38.5°C); (11) Fasting blood glucose >8 mmol/L at any time before surgery; (12) Combination of other tumors with extensive metastases; (13) Subjects with implanted cardiac pacemakers that cannot be discontinued during treatment; (14) Pregnant and lactating women; (15) Subjects who, in the opinion of the researcher, are not suitable for participation in this clinical trial.				

As of the date of this prospectus, we have completed the thyroid nodule clinical trial while the breast lump clinical trial and the pulmonary nodule clinical trials have not yet reached the testing stage. A summary of the research proposals and current progress of each of the clinical trials is set forth below:

Thyroid nodule clinical trials: the thyroid nodule clinical trials took place between November 17, 2018 and were completed on April 18, 2020. The relevant research findings report for such clinical study was finalized on July 20, 2020.

Breast lump clinical trials: In January 2024, the work for the third-party usability study was completed, and the report for the third-party usability study and the clinical evaluation research and clinical trial testing plans for the breast lump clinical research, respectively, were completed in February 2024. Although finalized, we are prepared to revise such respective clinical trial testing plan accordingly should there be any comments or constructive feedback to such plan we may receive from our other involved parties. We are also preparing for the submission of such research proposal and ancillary documents for ethics review by the respective ethics committees of the institutions which are conducting the clinical trials. If the respective ethics committees approve our research proposal and issue a letter of approval, we expect relevant clinical trial research agreements to be entered into between our research collaborator, FIIG, and (i) Sun Yat-sen University Cancer

Center, (ii) the Fifth Affiliated Hospital of Guangzhou Medical University, (iii) Shandong Provincial Qianfoshan Hospital and (iv) the Affiliated Hospital of Putian University, to provide technical services and conduct the breast lump clinical trials. Following execution of such clinical trial research agreements, the hospitals will proceed with the testing stage and begin to enroll suitable patients in accordance with the research proposal. We plan to have these steps (i.e. ethics review and execution of clinical research contracts with or between the relevant research collaborators and/or the hospital institutions) completed by September of 2024, such that appointed hospital institutions may start enrolling participants for clinical testing in September 2024. Subject to any amendments as a result of the ethical review, the current research proposal stipulates that the hospitals listed above shall, among other things: (i) enroll subjects in accordance with the enrollment criteria for the clinical trial, (ii) evaluate such patients using the evaluation indices specified by the research proposal, and (iii) conduct the clinical trial by treating the patients in both the control group and the test group with the respective medical devices for such group pursuant to the procedures stipulated in the research proposal. Each institution is expected to carry out the breast lump clinical trial using the same standards and rules, and each is expected to continuously enroll subjects until we have filled the total enrollment quota of 188 subjects for these clinical trials. As an illustration, three months after the date the clinical trials have begun, we might expect one institution to have enrolled 48 patients, 24 of which shall fall into the control group and 24 of which shall fall into the test group, while we might expect another institution to have enrolled 36 subjects, 18 of which shall fall into the control group and 18 of which shall fall into the test group. Simultaneously, the other institutions are to continue seeking and enrolling subjects which meet the research proposal's enrollment criteria for testing, until such time as the institutions have altogether enrolled a total of 188 subjects (94 subjects falling into the control group and the test group, respectively). Based on the current proposed research schedule time frame, we expect to have all research participants successfully enrolled by November 2024 and finish all clinical trial data collection by May 2025. Thereafter, we expect to have semi-final research reports from each hospital institution and the finalized clinical trial research reports completed in June 2025.

Pulmonary nodule clinical trials: The pulmonary nodule clinical trials have been progressing at a very similar rate as the breast lump clinical trials. We have completed the clinical trial testing plans by February 2024, but such clinical trial testing plan may be subject to appropriate changes or amendments pursuant to any constructive comments or feedback from involved parties. We are also preparing for the submission of such research proposal and ancillary documents for ethics review by the respective ethics committees of the institutions which are conducting the clinical trials. Pursuant to the NH Collaboration Agreement (as described above), each of the institutions partaking in the pulmonary nodule clinical trials is required to follow the procedures, rules and criteria of our finalized research proposal, including enrolling subjects under such proposal's enrollment criteria and treating subjects of both the control group and the test group with the respective medical devices for such group in accordance with the procedures of the finalized research proposal. If we have clearance from the respective ethics committees to proceed with the clinical trials, we are prepared to appoint the following hospitals: (i) Sun Yat-sen University Cancer Center; (ii) Beijing Hospital; (iii) Beijing Chao-Yang Hospital of the Capital Medical University; and Qingdao Central Hospital to provide technical services with respect to the pulmonary nodule clinical trials. Concerning the pulmonary nodule clinical trials, we plan to complete the ethics review and execute the relevant clinical research contracts with the aforementioned research collaborators and/or the hospital institutions by September 2024 such that they may start enrolling research participants. Similar to the breast lump clinical trials, each contracted hospital institution is expected to continuously enroll subjects until we have filled the total enrollment quota of 152 subjects for such clinical trials. Based on the current proposed research schedule time frame, we expect to have all research participants successfully enrolled by November 2024 and finish all clinical trial data collection by May 2025. Thereafter, we expect to have semi-final research reports from each hospital institution and the finalized clinical trial research reports completed in June 2025.

Product pipeline

The following table sets forth certain information about our major pipeline products:

Product Category	NMPA Classification	Features	Development Stage	Expected Launch Date	Target Indication
Microwave ablation ultrasound integrated therapeutic apparatus	Class III	Equipped with built-in ultrasound scanner for locating the tumor precisely during treatment Reflects real-time data of therapeutic apparatus on the ultrasound machine interface, allowing doctors to manage data easily and focus on observing the patient during the treatment To be used in conjunction with different proprietary microwave ablation needles for the treatment of different diseases	Product Design	Fourth quarter of 2025	Thyroid nodules, liver tumors
MTI-5GT four-source microwave ablation therapeutic apparatus	Class III	Output frequency of 2,450 MHz Four-port outputs for treatment utilizing four needles simultaneously Each output is equipped with an independent temperature sensor allowing real-time reflection of temperature data Applicable to microwave ablation treatment of large tumors To be used in conjunction with different proprietary microwave ablation needles for the treatment of different diseases	Clinical trial preparation	Fourth quarter of 2025	Bone tumors
Microwave Ablation Therapy Device and Disposable Microwave Ablation Needle	Class III	Suitable for microwave ablation treatment of large tumors. Using solid-state power supply as the microwave emission source, no-load status can be detected to ensure the safety of clinical use Equipped with LED display and user-friendly interface Used with different proprietary microwave ablation needles to treat different conditions	Clinical trial preparation	Fourth quarter of 2025	uterine fibroids

Product Category	NMPA Classification	Features	Development Stage	Expected Launch Date	Target Indication
MTI-5FT therapeutic apparatus	Class III	Output frequency of 915 MHz which has stronger penetration power Applicable to microwave ablation treatment of large tumors. Uses solid-state power as the source of microwave emission, which can detect no-load condition and ensure safe clinical use Equipped with LED display with user-friendly interface To be used in conjunction with different proprietary microwave ablation needles for the treatment of different diseases	Clinical trial preparation	Fourth quarter of 2024	Thyroid nodules, liver tumors

Product Category	NMPA Classification	Features	Development Stage	Expected Launch Date	Target Indication
Microwave ablation catheters	Class III catheters	Comprises four different models of catheters (i) with water-cooling structure or non-water cooling structure; and (ii) with or without laser navigation system Water-cooling structure features the use of special engineering plastics and a water cycle structure to ensure product quality and lower cost Laser navigation system allows doctors to locate the position of the catheter inside the blood vessel Composed of semi-flexible needle with circular tip Applicable to microwave ablation treatment targeting intestine and blood vessel Intended to be applied for tumors in varicose vein	Clinical trial preparation	Fourth quarter of 2025	For the treatment of tumors in varicose veins
Endoscope-guided puncture microwave ablation needles	Class III	Composed of semi-flexible needle Allows precise ablation inside patient's lung with the guidance of endoscope Applicable to treatment targeting lung tumors Intended to be applied for pulmonary nodule	Clinical trial preparation	Fourth quarter of 2025	Indicated for pulmonary nodules
Microwave Ablation Therapy Device and Disposable Microwave Ablation Needle	Class III	Suitable for microwave ablation treatment of large tumors. Using solid-state power supply as the microwave emission source, no-load status can be detected to ensure	Clinical trial preparation	Fourth quarter of 2025	Breast lump

Product Category	NMPA Classification	Features	Development Stage	Expected Launch Date	Target Indication
		the safety of clinical use Equipped with LED display and user-friendly interface Used with different proprietary microwave ablation needles to treat different conditions			

Properties and Facilities

We currently do not own any properties as we lease the properties for our principal executive offices, located at Room 202, 2/F, Baide Building, Building 11, No.15, Rongtong Street, Yuexiu District, Guangzhou, in China. We also lease two manufacturing plants in Nanjing, China from third party landlords located in the Jiangning District of Nanjing. We believe that the offices and manufacturing plants that are currently leased are adequate to meet our needs for the foreseeable future. These two manufacturing plants have an aggregate floor area of approximately 6,502 square meters.

The following table summarizes the material terms of such leases:

	Lease Square Meters	Lease Term	Rental Fee
Changcheng Nanjing's Manufacturing Site	2660 m2	From November 1, 2020 to October 31, 2025	The annual rent, including taxes, amounts to RMB 1,053,360. The total annual property fee amounts to RMB 63,840.
Baide Suzhou's Manufacturing Site	3,841.94 m2	From August 1, 2022 to July 31, 2025	The annual rent, including taxes, amounts to RMB 1,176,401.34. The total annual property fee amounts to RMB 138,309.84.
Guoke Baide's Business Site (Guangzhou)	1,425.78 m2	From October 1, 2022 to September 30, 2027	The annual rent, including taxes, amounts to RMB 783,360.00. The total annual property fee amounts to RMB 222,421.68.

Branding and Marketing

We market our products and promote our brand mainly through our in-house sales and marketing department and distribution networks. As of December 31, 2023, our in-house sales and marketing department consisted of 32 members. Although the number of members in our in-house sales and marketing department decreased from 79 to 32 as of December 31, 2023, we anticipate expanding the department in fiscal year 2024 to support both U.S. market development and domestic market growth. As of the date of this prospectus, we have established 11 local sales representatives in the United States, and we have collaborated with reputable higher education institutions in the Untied States.

We hold regular trainings for our sales and marketing personnel. Such training generally includes introduction of our products and industry, market overview, analysis of competitors, and comparison of competitors' products against our products, and skill trainings on connecting and building relationships with customers. We believe that such training equips sales and marketing personnel with the ability to adequately

present and introduce our products to customers. We also rely upon distributors to promote our brand as they sell our products to hospitals.

Additionally, as part of our marketing strategy, we actively participate in medical conferences in China. During the fiscal years ended December 31, 2021, 2022 and 2023, we participated in more than 100 medical conferences. Our sales and marketing department also coordinates with marketing services providers on sales and marketing initiatives. Such services providers will participate in national and local academic medical conferences to promote our brand and our products from time to time.

Intellectual Property

We regard our intellectual property rights as one of the fundamental factors to the success of our business and are committed to protecting our intellectual property rights. As of January 4, 2024, we possessed, as the sole owner or co-owner, a total of 47 patents in China. As of January 4, 2024, we had applications pending for 33 patents in China.

The following table summarizes the scope and technology, type of patent protection, expiration dates and co-owner (if applicable) of each patent and patent application:

Application/ Registration Number	Name	Type	Owner	Jurisdiction	Date of Application (DD/MM/YYYY)	Date of Registration (DD/MM/YYYY)	Date of Patent Expiration (DD/MM/YYYY)	Status
201310552850.8	Semi-rigid water-cooled microwave ablation antenna with real-time temperature measurement and ablation	Invention	Baide Suzhou	PRC	11/11/2013	08/06/2016	10/11/2033	Granted
201730566463.9	Bent shank ablation needle	Design	Baide Suzhou	PRC	16/11/2017	15/06/2018	15/11/2027	Granted
201730566990.X	Microwave therapy instrument	Design	Baide Suzhou	PRC	16/11/2017	15/06/2018	15/11/2027	Granted
201730566996.7	Straight ablation needle	Design	Baide Suzhou	PRC	16/11/2017	15/06/2018	15/11/2027	Granted
201820441845.8	A kind of water-cooled microwave ablation needle and its fluid injection and wicking structure, metal outer bush	Utility	Baide Suzhou	PRC	30/03/2018	05/07/2019	29/03/2028	Granted
201820501435.8	A kind of soft microwave melt needle of penetration type half and its water-cooling structure, outer bush	Utility	Baide Suzhou, Ligong Lu	PRC	10/04/2018	05/07/2019	09/04/2028	Granted
201820981010.1	A kind of wireless remote control medical microwave equipment	Utility	Baide Suzhou	PRC	25/06/2018	20/08/2019	24/06/2028	Granted
201830352165.4	Microwave therapy instrument	Design	Baide Suzhou	PRC	03/07/2018	08/01/2019	02/07/2028	Granted
201830492179.6	Intelligent microwave therapy device	Design	Baide Suzhou	PRC	03/09/2018	15/01/2019	02/09/2028	Granted
201821746518.X	A kind of high performance water cooling microwave melt needle with microwave power control switch	Utility	Baide Suzhou	PRC	26/10/2018	03/09/2019	25/10/2028	Granted
201821770152.X	A kind of soft type water cooling microwave coagulation electrode of cup head half	Utility	Baide Suzhou	PRC	30/10/2018	03/09/2019	29/10/2028	Granted
2016208508740	Anti-microwave interference temperature measurement and ablation integrated high-performance water-cooled microwave ablation antenna	Utility	Baide Suzhou	PRC	08/08/2016	14/07/2017	07/08/2026	Granted

Application/ Registration Number	Name	Type	Owner	Jurisdiction	Date of Application (DD/MM/YYYY)	Date of Registration (DD/MM/YYYY)	Date of Patent Expiration (DD/MM/YYYY)	Status
201620850875.5	Anti-microwave interference temperature measurement and ablation integrated semi-rigid water-cooled microwave ablation antenna	Utility	Baide Suzhou	PRC	08/08/2016	25/07/2017	07/08/2026	Granted
202121414473.8	Semi-rigid puncture type microwave ablation antenna and transmission line structure	Utility	Baide Suzhou	PRC	24/06/2021	24/12/2021	23/06/2031	Granted
202121419209.3	Semi-flexible microwave ablation antenna and transmission line structure	Utility	Baide Suzhou	PRC	24/06/2021	24/12/2021	23/06/2031	Granted
202222076953.9	A multi-compartment vacuum sterilizer	Utility	Baide Suzhou	PRC	08/08/2022	11/04/2023	07/08/2032	Granted
202222210986.8	An auxiliary locating device for precise location	Utility	Baide Suzhou	PRC	22/08/2022	31/01/2023	21/08/2032	Granted
202320016679.8	An adjustable production fixture	Utility	Baide Suzhou	PRC	03/01/2023	28/04/2023	02/01/2033	Granted
202222143353.X	A multi-station synchronous cleaning device	Utility	Baide Suzhou	PRC	15/08/2022	31/01/2023	14/08/2032	Granted
202221848513.4	A disposable microwave ablation needle with detectable temperature	Utility	Baide Suzhou	PRC	18/07/2022	31/01/2023	17/07/2032	Granted
202221814329.8	Disposable microwave ablation needle with multiple size interfaces	Utility	Baide Suzhou	PRC	13/07/2022	31/01/2023	12/07/2032	Granted
202221814263.2	A disposable microwave ablation needle capable of precisely locating	Utility	Baide Suzhou	PRC	13/07/2022	31/01/2023	12/07/2032	Granted
202221764561.5	A disposable microwave ablation needle convenient for holding	Utility	Baide Suzhou	PRC	07/07/2022	31/01/2023	06/07/2032	Granted
202221853161.1	Disposable microwave ablation needle with good cooling effect	Utility	Baide Suzhou	PRC	18/07/2022	31/01/2023	17/07/2032	Granted
201810275391.6	A liquid injection and aspiration structure suitable for microwave ablation needles	Invention	Baide Suzhou	PRC	30/03/2018	N/A	N/A	Pending
201810315657.5	Water-cooled structure of puncture semi-flexible microwave ablation needle	Invention	Baide Suzhou, Ligong Lu	PRC	10/04/2018	N/A	N/A	Pending
201811226979.9	A kind of hydrostatic microwave ablation treatment device with semi-puncture type under endoscopic guidance	Invention	Baide Suzhou	PRC	22/10/2018	N/A	N/A	Pending
201811258042.X	A high-performance water-cooled microwave ablation needle with microwave power control switch	Invention	Baide Suzhou	PRC	26/10/2018	N/A	N/A	Pending
202110704940.9	Semi-rigid puncture type microwave ablation antenna, transmission line structure and assembling method thereof	Invention	Baide Suzhou	PRC	24/06/2021	N/A	N/A	Pending
202110705763.6	Semi-flexible microwave ablation antenna, transmission line structure and assembling method	Invention	Baide Suzhou	PRC	24/06/2021	N/A	N/A	Pending
202320466324.9	An automatic drying device for automatic drying	Utility	Baide Suzhou	PRC	13/03/2023	N/A	N/A	Pending

Application/ Registration Number	Name	Type	Owner	Jurisdiction	Date of Application (DD/MM/YYYY)	Date of Registration (DD/MM/YYYY)	Date of Patent Expiration (DD/MM/YYYY)	Status
202222281392.6	A microwave ablation needle that is resistant to bending and breakage	Utility	Baide Suzhou	PRC	29/08/2022	20/06/2023	28/08/2032	Granted
202222076345.8	A disposable microwave ablation needle that avoids bending of the needle	Utility	Baide Suzhou	PRC	08/08/2022	20/06/2023	07/08/2032	Granted
202320471098.3	A microwave ablation antenna that is easy to assemble	Utility	Baide Suzhou	PRC	13/03/2023	N/A	N/A	Pending
202222143142.6	An anti-slip disposable microwave ablation needle	Utility	Baide Suzhou	PRC	15/08/2022	20/06/2023	14/08/2032	Granted
202320151590.2	A microwave ablation needle that rotates the connection	Utility	Baide Suzhou	PRC	01/02/2023	07/07/2023	31/01/2033	Granted
202320058633.2	A sterile storage room for sterile storage	Utility	Baide Suzhou	PRC	09/01/2023	N/A	N/A	Pending
202222210863.4	A radiofrequency ablation device with efficient cooling	Utility	Baide Suzhou	PRC	22/08/2022	N/A	N/A	Pending
2023203574500	An assembly device that is automatically positioned	Utility	Baide Suzhou	PRC	01/03/2023	N/A	N/A	Pending
202222281897.2	A detachable microwave ablation needle	Utility	Baide Suzhou	PRC	29/08/2022	20/06/2023	28/08/2032	Granted
2023203047004	A quick-cooled disposable microwave ablation needle with a needle tip	Utility	Baide Suzhou	PRC	24/02/2023	N/A	N/A	Pending
202320151600.2	An integrated microwave ablation antenna	Utility	Baide Suzhou	PRC	01/02/2023	20/06/2023	31/01/2033	Granted
202210802707.9	Ablation needle assembly and ablation system convenient for secondary puncture	Invention	Baide Suzhou	PRC	07/07/2022	N/A	N/A	Pending
202310003383.7	An ablation needle assembly and ablation system that defines the direction of ablation	Invention	Baide Suzhou	PRC	03/01/2023	N/A	N/A	Pending
201310130580.1	Microwave thermotherapy radiator with suppression of microwave leakage energy	Invention	Changcheng Nanjing	PRC	16/04/2013	02/03/2016	15/04/2033	Granted
201310102228.7	Semi-rigid water-cooled microwave ablation antenna	Invention	Changcheng Nanjing, LU Ligong	PRC	27/03/2013	16/03/2016	26/03/2033	Granted
201821706733.7	One kind semi-rigid penetration type water cooling microwave coagulation therapy instrument under endoscope guidance	Utility	Changcheng Nanjing	PRC	22/10/2018	29/10/2019	21/10/2028	Granted
201920547932.6	A semi-rigid intravascular tissue microwave thermal coagulation antenna	Utility	Changcheng Nanjing	PRC	22/04/2019	31/03/2020	21/04/2029	Granted
201920547772.5	High-performance semi-rigid puncture type microwave ablation antenna	Utility	Changcheng Nanjing	PRC	22/04/2019	21/02/2020	21/04/2029	Granted
201920555560.1	A water-cooled microwave burning hot coagulation knife	Utility	Changcheng Nanjing	PRC	23/04/2019	18/02/2020	22/04/2029	Granted
201922082885.5	A multi-probe interventional by-open temperature measuring device	Utility	Changcheng Nanjing	PRC	27/11/2019	23/10/2020	26/11/2029	Granted
201930687094.8	Ultrasound diagnosis and tumor microwave ablation treatment machine	Design	Changcheng Nanjing	PRC	13/12/2019	04/08/2020	12/12/2029	Granted

Application/ Registration Number	Name	Type	Owner	Jurisdiction	Date of Application (DD/MM/YYYY)	Date of Registration (DD/MM/YYYY)	Date of Patent Expiration (DD/MM/YYYY)	Status
202022881052.8	A device for reducing magnetron power fluctuations	Utility	Changcheng Nanjing	PRC	02/12/2020	24/08/2021	01/12/2030	Granted
202220842531.5	A magnetron microwave power detection device	Utility	Changcheng Nanjing	PRC	13/04/2022	13/09/2022	12/04/2032	Granted
202221501397.9	A power detection device with open circuit protection and short circuit protection	Utility	Changcheng Nanjing	PRC	16/06/2022	13/12/2022	15/06/2032	Granted
202221698800.1	A medical catheter with a multi-point mapping structure for radiofrequency ablation	Utility	Changcheng Nanjing	PRC	04/07/2022	13/12/2022	03/07/2032	Granted
ZL202321169155.9	An ablation device with a retractable treatment handle	Utility	Changcheng Nanjing	PRC	16/05/2023	19/09/2023	15/05/2033	Granted
ZL202321169160.X	A Migration Resistant Radiofrequency Ablation Needle	Utility	Changcheng Nanjing	PRC	15/05/2023	19/09/2023	14/05/2033	Granted
201910322669.5	A kind of semi-rigid type endovascular tissue microwave thermal solidification antenna	Invention	Changcheng Nanjing	PRC	22/04/2019	N/A	N/A	Pending
201910322654.9	A kind of high-performance semi-rigid penetration type microwave ablation antenna	Invention	Changcheng Nanjing	PRC	22/04/2019	N/A	N/A	Pending
201910327277.8	A water-cooled microwave burning hot coagulation knife	Invention	Changcheng Nanjing	PRC	22/04/2019	N/A	N/A	Pending
202220649092.6	For microwave ablation catheters under bronchoscopy	Utility	Changcheng Nanjing	PRC	23/03/2022	N/A	N/A	Pending
202210538324.5	Cloud-based computer-based radiofrequency ablation catheter and its method for precise control of ablation depth	Invention	Changcheng Nanjing	PRC	18/05/2022	N/A	N/A	Pending
202221353964.0	A temperature measuring device with motion detection function for high-power magnetron	Utility	Changcheng Nanjing	PRC	01/06/2022	N/A	N/A	Pending
202221390369.4	A radiofrequency ablation device with a rapid cooling structure	Utility	Changcheng Nanjing	PRC	06/06/2022	N/A	N/A	Pending
202221390373.0	A radiofrequency ablation catheter with a mechanically supported structure	Utility	Changcheng Nanjing	PRC	06/06/2022	N/A	N/A	Pending
202221518957.1	A radiofrequency ablation device with a rapid cooling structure	Utility	Changcheng Nanjing	PRC	17/06/2022	N/A	N/A	Pending
202221588173.6	Temperature control equipment for radiofrequency ablation catheter	Utility	Changcheng Nanjing	PRC	23/06/2022	N/A	N/A	Pending
202221698806.9	A medical display with a multi-angle adjustment mechanism for radiofrequency ablation	Utility	Changcheng Nanjing	PRC	04/07/2022	N/A	N/A	Pending
202222027126.0	A kind of microwave ablation therapy instrument with a power control device with a socket fixed structure	Utility	Changcheng Nanjing	PRC	03/08/2022	N/A	N/A	Pending
202222027085.5	A safety detection device for positioning stable structure of microwave therapy appliances	Utility	Changcheng Nanjing	PRC	03/08/2022	N/A	N/A	Pending
202222180068.5	An intelligent microwave therapy instrument has a probe connection bracket for adjusting the mechanism	Utility	Changcheng Nanjing	PRC	19/08/2022	N/A	N/A	Pending

Application/ Registration Number	Name	Type	Owner	Jurisdiction	Date of Application (DD/MM/YYYY)	Date of Registration (DD/MM/YYYY)	Date of Patent Expiration (DD/MM/YYYY)	Status
202320862108.6	A microwave therapy device with a multi-angle treatment adjustment structure	Utility	Changcheng Nanjing	PRC	18/04/2023	N/A	N/A	Pending
202320862105.2	A smart microwave therapy device with an adjustable probe connection bracket	Utility	Changcheng Nanjing	PRC	18/04/2023	N/A	N/A	Pending
202320862106.7	A radiofrequency ablation instrument with a folding bracket structure	Utility	Changcheng Nanjing	PRC	18/04/2023	N/A	N/A	Pending
202221872954.8	A microwave leakage suppressor that can be replaced by microwave absorbing materials	Utility	Changcheng Nanjing	PRC	21/07/2022	N/A	N/A	Pending
202321066822.0	A pin detection and identification circuit	Utility	Changcheng Nanjing	PRC	06/05/2023	19/12/2023	05/05/2033	Granted
202321076647.3	A no-load protection circuit for microwave ablators	Utility	Changcheng Nanjing	PRC	06/05/2023	03/10/2023	05/05/2033	Granted
202211531889.7	Photothermal rare earth nanoprobe and preparation method thereof	Invention	Ruikede Xiamen	PRC	01/12/2022	N/A	N/A	Pending
201620850874.0	High-performance water-cooled microwave ablation antenna with integrated microwave-resistant temperature measurement and ablation	Utility	Baide Suzhou	PRC	08/08/2016	12/06/2017	07/08/2026	Granted

During the fiscal years ended December 31, 2022 and 2023, we were not aware of any material infringement of others' intellectual property rights by us.

We have entered into agreements with our directors and officers and employees, under which the intellectual property developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. The agreements also contain confidentiality and non-complete clauses to protect our rights to all invention, technology, know-how and trade secrets derived during the stage of research and development.

Competition

The microwave ablation medical device industry in China has high market concentrations, with the top four microwave ablation manufacturers accounting for about 88.4% of the sales in 2022. We were the third largest microwave ablation medical device provider in the PRC in terms of sales revenue in 2022, with a market share of 19.0%. According to the Frost & Sullivan Report, the top four microwave ablator manufacturers in 2022 are 1) ECO Medical, 2) Vison Medical, 3) the Company and 4) Canyon Medical. The Company's main competitors are the three other manufacturers listed above. ECO Medical and Canyon Medical have obtained the registration certificates of Class III medical devices for microwave ablation used in the treatment of liver cancer and thyroid nodules, while Vison Medical has obtained the registration certificate of Class III medical devices for microwave ablation used in the treatment of liver cancer. As of December 31, 2023, the Company's competitors have not registered Class III medical devices for other ablation apparatuses such as radio frequency, cryoablation, or laser ablation.

We ranked first among all microwave ablation medical device providers in the treatment of thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022. We are the first company to have proprietary microwave ablation medical devices specifically approved for the treatment of thyroid nodules successfully registered as Class III medical devices in China. Even though some competitors have already obtained Class III registration certificates for their microwave ablation therapeutic apparatus and microwave ablation needles specifically approved for the treatment of liver cancer, none of our competitors have obtained Class III registration certificates for their microwave ablation needles specifically

approved for the treatment of thyroid nodules or other diseases which we have planned to expand our indications on our Class III medical registration certificate, including breast lumps, lung cancer, varicose vein, bone tumors and uterine fibroids. We believe such first-mover advantage allows us to differentiate our existing products from that of other microwave ablation medical device providers, and our pipeline products from that of other medical device providers going forward.

Potential new entrants face market barriers for entering into the microwave ablation medical device industry, namely, the research and development and technical barriers; long commercialization process; and branding and sales channel barriers.

Employees

We had a total of 148 employees as of December 31, 2023. All of our employees are based in Mainland China or Hong Kong. The following table sets forth a breakdown of our employees as of December 31, 2023, by function:

Function	Number
Procurement	4
Quality Control	17
Finance	12
Sales and Marketing	32
Production	47
Research and Development and Technical	11
Administration and General Management	25
Total	148

We believe that our employees contribute to our rapid business growth, and our continued success depends on our ability to attract, motivate, train and retain qualified employees. Our management devotes resources to and focuses on ensuring that the culture and brand of Baird Medical remain highly attractive to potential and existing employees.

We believe that we offer employees competitive compensation packages and dynamic work environments that encourage initiative. We also promote equal opportunity and diversity in the workplace. We recruit employees based on a number of factors, including relevant work experience, educational background, skills, knowledge, and relevant vacancy. We enter into labor contracts with our employees.

As required by PRC regulations, we participate in various statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund.

We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance our business.

We believe that we maintain a good working relationship with employees and have not experienced any major labor disputes.

Insurance

We maintain insurance policies that are required under PRC laws and regulations as well as policies based on our assessment of our operational needs and industry practice. We are subject to the social insurance system of the PRC and are required to make contributions for our employees toward five categories of insurance, including basic pension, basic medical, unemployment, work injury and maternity. Consistent with customary practice in China, we do not maintain any insurance policies for business interruption, product

liability or litigation. We believe that our existing insurance coverage is in line with industry norms in the PRC and is sufficient for our current operations. We will regularly review and assess our insurance practice based on our needs and industry practice. During the fiscal years ended December 31, 2022 and 2023, we did not experience any material insurance disputes.

Seasonality

During the fiscal years ended December 31, 2022 and 2023, our sales volume in the first half of the year was generally lower than the sales volume in the second half of a year, as customers tend to procure more of our products in the second half of a year, which is common for microwave ablation medical device manufacturers in the PRC.

Legal Proceedings

We are not a party to, nor are we aware of, any legal proceeding, investigation or claim which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or results of operations. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including its management's time and attention.

GOVERNMENT REGULATIONS

Set forth below is a summary of the most significant rules and regulations that affect our business activities in China, or the rights of our shareholders to receive dividends and other distributions from us.

Laws and Regulations Relating to Medical Devices

Regulations on the Supervision and Administration of Medical Devices

The 2021 Medical Device Regulations were revised and adopted at the 119th Executive Meeting of the State Council of the PRC on December 21, 2020 and came into effect on June 1, 2021. The major amendments in the 2021 Medical Device Regulations include: (1) implementing the registrant-or-submitter accountability system to highlight the entity responsibilities of enterprises; (2) improving the system for medical device innovation; (3) optimizing the approval process; (4) optimizing the filing process; (5) improving post marketing regulatory requirements; and (6) reinforcing penalty and punishment.

The 2021 Medical Device Regulations focus on developing and improving medical device innovation systems. They stipulate that registrants and filing entities of medical devices refer to enterprises or R&D institutions that have obtained medical device registration certificates or filed applications for medical devices, and that they are legally responsible for the safety and efficacy of their medical devices during the R&D, manufacturing, sales and use of the medical devices. The registrant-or-submitter accountability system also defines the obligations of registrants or filing entities and requires that registrants or filing entities should establish and effectively maintain a quality management system, conduct post-marketing research and risk control, adverse event monitoring and re-evaluation, and establish and implement a system to trace and recall products, among and other obligations. The 2021 Medical Device Regulations clarify the rights and obligations of the registrants or filing entities as well as other market entities, and specifies the obligations of entrusted manufacturers, e-commerce platform operators, user entities and other entities.

For the medical device innovation system, the 2021 Medical Device Regulations include medical device innovation as a development focus and improves medical device innovation systems.

With respect to the procedures for review and approval procedures of medical devices, the review and approval materials are simplified, default licensing is adopted for registration renewal and clinical trials, and the review and approval period for production and operation licenses is shortened. For filing procedures, the filing requirements are reduced, and the informative filing shall be implemented. The 2021 Medical Device Regulations stipulate that the product testing report shall comply with the requirements of the drug administration under the State Council. Such reports may be comprised of the self-testing report of the registration applicant or filing entities of the medical devices, or the testing report issued by entrusted qualified medical device testing institutions. Enterprises with the requisite testing capabilities may complete the registration by submitting self-testing reports, so as to greatly shorten the testing period and accelerate the registration of medical devices.

With respect to regulatory requirements, the 2021 Medical Device Regulations further developed a professional inspection system, improve supervising by introducing regulatory measures such as the ability to trace products by means of tracing unique identification marks, extension of products, extending review process and punishment of dishonest behaviors, and further clarifies the division of responsibilities between the drug supervision and management departments and competent health authorities to strengthen supervision and inspection of the use of medical devices.

The 2021 Medical Device Regulations impose heavier penalties on unlawful behaviors. Such penalties include revoking a wrongdoer’s license and prohibiting it from engaging in relevant activities for a certain period of time, subject to the severity of the violation. For terms of serious violations related to product quality and safety, a penalty of up to 30 times the value of the products may be imposed. For persons exercising control over an entity which is found to have committed a serious violation, all income that the person receives from the entity during the occurrence of the illegal behaviors may be confiscated, a penalty of up to three times of the illegal income may be imposed, and the person may also be prohibited from engaging in relevant activities for five years or more.

With regard to the above regulations, we believe that the encouragement of innovation across multiple systems under the 2021 Medical Device Regulations is conducive to the development of innovative medical devices, and the adjustment to the procedures for review, approval and filing are conducive to accelerating the registration and marketing of the relevant pipeline products, enhancing compliance, and creating an orderly development environment for companies.

Classification of Medical Devices

Pursuant to the 2021 Medical Device Regulations, medical devices shall be classified into three categories according to their risk levels. Class I medical devices include the medical devices with low risks, whose safety and efficacy can be ensured through routine administration. Class II medical devices include the medical devices with moderate risks, which shall be strictly controlled and administered to ensure their safety and efficacy. Class III medical devices means the medical devices with relatively high risks, which shall be strictly controlled and administered through special measures to ensure their safety and efficacy. Class I medical devices shall be subject to product recordation administration, and Class II and Class III medical devices shall be subject to product registration administration.

Registration and Filings of Medical Devices

In order to regulate the registration and filing of medical devices and ensure the safety, efficacy and quality control of medical devices, the PRC's State Administration for Market Regulation has formulated the Measures for Medical Devices Registration and Filing in accordance with the 2021 Medical Device Regulations, which was published on August 26, 2021 and took effect on October 1, 2021. According to the 2021 Medical Device Regulations and the Measures for Medical Devices Registration and Filing, for the filings of domestic Class I medical devices, the parties making the filings of medical devices shall submit the filing materials to the competent drug supervision and administration departments at the district city level. In case of any amendment to matters stated in the filings, such amendment must be filed with the original filing department. The Class II and Class III medical devices shall be subject to the product registration administration. Domestic Class II medical devices shall be examined by the provincial branches of the NMPA and domestic Class III medical devices shall be examined by the NMPA, and a Medical Device Registration Certificate for such medical device shall be issued upon approval. In case of any substantial change to the designs, raw materials, production technologies, or scopes and method of application and application methods, etc., of the registered Class II or Class III medical devices, which may affect the safety and efficacy of such medical devices, the registrants shall apply to the original registration departments used in order to change the registration. The Medical Device Registration Certificate is valid for five years and the registrant shall apply to the drug supervision and administration departments for renewal at least six months prior to its expiration date. Pursuant to the 2021 Medical Device Regulations, the application shall be rejected under any of the following circumstances: (i) the registrants fail to file an application for renewal within the proscribed time limit; (ii) the mandatory standards for medical devices have been revised and the relevant medical devices cannot meet the new requirements; or (iii) the registrants fail to meet the requirements provided in the medical device registration certificate for medical devices under conditional approval in a timely matter. Except for the conditions mentioned above, the drug regulatory authority receiving the application for renewal shall make a decision of whether to preserve the renewal prior to the expiration date of the medical device registration certificate. If the drug regulatory authority does not make a decision within this time limit, it shall be deemed that the drug regulatory authority has approved the application.

According to the 2021 Medical Device Regulations and the Measures for Medical Devices Registration and Filing, medical device product registration and filings shall be subject to clinical evaluation. However, medical devices may be exempt from clinical evaluation under either of the following circumstances:

i. The medical device has clear working mechanisms, finalized design and mature manufacturing processes, and the medical devices of the same type that are available on the market have been used in clinical application for years without records of any serious adverse events, and the medical device will not change the general purposes; or

ii. The safety and efficacy of such medical device can be proved through non-clinical evaluation.

The medical device catalogue of clinical trial exemption shall be formulated, amended and promulgated by the NMPA, such as the Notice of the Newly Revised Catalogue of Medical Devices Exempted from Clinical Trials promulgated by the NMPA on September 28, 2018 and the Notice of New and Revised Catalogue of Medical Devices Exempted from Clinical Trials promulgated by the NMPA on December 13, 2019. Medical device products that are not included in the exemption catalogue shall be analyzed and evaluated through the data obtained from the clinical trials or clinical application of the same categories of medical devices. On September 16, 2021, the NMPA issued the 2021 Exemption Catalogue with an effective date of October 1, 2021, which replaced the aforementioned Catalogue of Medical Devices Exempted from Clinical Trials and its amendments. As for certain high risk Class III medical devices, the NMPA's approvals are required before clinical trials can be carried out. Under such requirement, the NMPA promulgated the Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval on August 25, 2014, which was amended and came into effect on September 14, 2020. Where the safety and efficacy of such medical devices can be proved, the applicant may reference this proof in the course of registration application and submit relevant proofing materials.

Compared with the expired Administrative Measures for Medical Device Registration (2014), the Measures for Medical Devices Registration and Filing has been revised in several aspects, including but not limited to: (i) implementing the registrant-or-filer system such that medical device registrants and filers are more be accountable for improvements during the entire lifecycle of their medical devices, and are legally responsible for the safety, efficacy and quality controllability of their medical devices throughout the entire process of research, production, operation and use; (ii) updating the description of the sole identification system to promote the step-by-step implementation of the system by clearly stipulating that the National Medical Products Administration shall establish and pursue the step-by-step implementation of the unique medical device identification system, under which applicants and filers shall be required to submit the unique identification details according to the relevant regulations to ensure the truthfulness, accuracy, and traceability of data; (iii) adding special registration procedures, including three special medical device registration procedures, namely innovative product registration procedures, priority registration procedures and emergency registration procedures; (iv) simplifying and optimizing registration approval procedures, including clarifying that the applicant submits registration application materials to the medical product administration authorities through online registration applications and other channels; adjusting the requirements for medical device inspection reports (which can be either self-inspection reports by applicants or filers, or testing reports produced by qualified medical device testing institutions upon appointment); and specifically creating the "Working Timeframe" chapter to uniformly stipulate the approval timeframe.

We have obtained the Class III medical device registration certificates for our existing microwave ablation products in China and all these registration certificates are within the validity term, the particulars of which are described further below in this section. We do not believe that our products are exempted from any clinical trials and we have passed the clinical trials as required for our Class II and Class III medical devices for the registration. We do not believe that the Measures for Medical Devices Registration and Filing will have any material impact on our business operations. For a full list of the specific products and when such respective certificates were obtained, please see the tables below.

The NMPA published the Microwave MWA Equipment Guidelines on November 25, 2021, which is a guidance document for registration applicants and technical reviewers, but does not include administrative matters involved in review and approval, nor is it enforced as a regulation. The Microwave MWA Equipment Guidelines should be used under the premise of complying with relevant laws and regulations. Pursuant to the Microwave MWA Equipment Guidelines, among other things, (i) the microwave MWA equipment shall be managed as a Class III medical device. Microwave ablation needles needle shall be managed with reference to the microwave ablation apparatus as Class III medical device when registered separately; and (ii) the applicant of Class III registration certificate for its microwave ablation equipment should limit or modify the scope of application of its microwave MWA equipment based on clinical data and relevant clinical diagnosis and treatment specifications. Definite applicable organs or tissues should be given in the scope of application, instead of other expressions without clear applicable organs or tissues.

We have obtained the Class III medical device registration certificate for our microwave ablation therapeutic apparatus specifically indicated for liver cancer and thyroid nodule (which are our major products). As of December 31, 2023, there were two Class III registration certificates under the Company's name:

microwave therapeutic instrument and accessories (which is valid until February 5, 2028) and disposable microwave ablation needle (which is valid until July 12, 2028). We have also successfully obtained the registration certificate for the Class III Certificate for MWA Needles and one registration certificate for Class II medical devices in the PRC in relation to disposable sterile biopsy needles.

Regulations and Administrative Measures on the Production of Medical Devices

In order to strengthen the supervision, regulation and administration of medical device production, regulate the production of medical devices, and ensure the safety and utility of medical devices, the State Administration for Market Regulation has formulated the Measures for the Supervision and Administration of Medical Devices Production (the "2022 Supervisory and Administrative Measures for Production") in accordance with the 2021 Medical Device Regulations, which were promulgated on 10 March 10, 2022 and came into effect on May 1, 2022. The 2022 Supervisory and Administrative Measures for Production stipulates that manufacturers of medical devices must satisfy the following conditions:

i. possessing production sites, environmental conditions, production equipment and professional technicians that are suitable for such medical device produced;

ii. possessing organizations or professional examination staff and examination equipment that carry out quality examination for such medical device produced;

iii. formulating a management system which ensures the quality of such medical device;

iv. having capability of after-sale services that is suitable for such medical device produced; and

v. satisfying the requirements as set forth in production R&D and production technique documents.

Medical devices are categorized and managed according to the level of risk in the production of medical devices. The enterprises engaging in the production of Class I medical devices shall make filings for such Class I medical devices with the local branches at the district city level of the NMPA and submit proof materials of qualification to engage in the production of such medical devices. The enterprises engaging in the production of Class II and Class III medical devices shall apply to the provincial branches of the NMPA for Manufacture License for Medical Devices to the provincial branches of the NMPA, and shall submit proof materials of qualification to engage in the production of such medical devices and registration certificates for such medical devices produced. The Manufacture License for Medical Devices for a medical device is valid for five years.

Compared with the expired Measures for the Supervision and Administration of Medical Device Production which were revised in 2017 (the "2017 Supervisory and Administrative Measures for Production"), amendments have been made into the 2022 Supervisory and Administrative Measures for Production including with respect to: (i) simplifying materials to be submitted as part of the application for production license, and adjusting the time period for review time limit of medical device production license applications from 30 working days to 20 working days; (ii) where a Medical Device Production License is required to be extended upon its expiration, changing the timing required for making any extension application from 6 months prior to expiration to a period ranging from 90 working days to 30 working days prior to expiration, emphasizing that any extension application made after such timeframe would not be accepted; (iii) cancelling the filing requirements for commissioned production and incorporating the requirements of commissioned production into the quality management system for unified regulation; (iv) specifying that the legal representative and principal person-in-charge of the party responsible for the registration or recordation of medical devices shall be fully responsible for the quality and safety of the medical devices produced by the party; (v) specifying that the party responsible for the registration or recordation of and the entrusted manufacturer of the medical devices shall, as required by the state for the implementation of unique identification of medical devices, assign codes, and upload, maintain and update data to ensure that the information is true, accurate, complete and traceable; and (vi) specifying that the registrant or record-filing party of medical devices and entrusted manufacturer shall conduct self-inspection on the operation of the quality management system each year and submit the self-inspection report to the local drug regulatory authority prior to March 31 of the following year. The registrant or record-filing party of imported medical devices shall, through its agent, submit the self-inspection report to the drug regulatory authority of the province, autonomous region or centrally-administered municipality where the agent is located.

On May 25, 2021 we obtained the Manufacture License for Class II and Class III Medical Devices for our existing microwave ablation products in China. Such Manufacture License is valid until May 24, 2026. We do not believe that the 2022 Supervisory and Administrative Measures for Production will have a material impact on our business operations because (1) the updates and revisions to the 2022 Supervisory and Administrative Measures for Production do not affect the validity of the production license obtained by Baird Medical on May 25, 2021, which remains applicable and is sufficient for Baird Medical to satisfy relevant requirements under the 2022 Supervisory and Administrative Measures for Production, (2) during the process of obtaining the registration certificate for Class III thyroid medical devices, Baird Medical passed an audit, performed by the National Medical Products Administration and in accordance with the 2022 Supervisory and Administrative Measures for Production, for the period from February 9, 2023, to February 10, 2023, and (3) after obtaining the registration certificate for its single-use sterile biopsy needle product, Baird Medical applied to add "Class II: 14-01 Injection and Puncture Instruments" to the production scope of the medical device production license, and obtained the updated medical device production license on October 16, 2023 in accordance with the 2022 Supervisory and Administrative Measures for Production. As of the date of this prospectus, we are subject to and in compliance with the 2022 Supervisory and Administrative Measures for Production.

Measures on Production Quality Management of Medical Devices

The Measures on Production Quality Management of Medical Devices (the "Standards on Production Quality Management"), which was promulgated on December 29, 2014 and came into effect on March 1, 2015, stipulates that an enterprise engaging in the production of medical devices shall establish and effectively maintain a quality control system in accordance with the requirements of the Standards on Production and Quality Management. The enterprise engaging in the production of medical devices shall regularly conduct comprehensive self-inspection on the operation of quality management systems in accordance with the requirements of the Standards on Production and Quality Management. The enterprise shall establish its procurement control procedures and assess its suppliers by establishing an examination system to ensure the purchased products are in compliance with the statutory requirements. The enterprise shall record the procurement, production and inspection of raw materials. Such records shall be true, accurate, complete and traceable. The enterprise shall apply risk management to the whole process of design and development, production, sales and after-sale services. The measures being adopted shall be applicable to risks associated with the related products.

Commissioned Production of Medical Devices

Pursuant to the 2021 Medical Device Regulations, a medical device registrant or filer may commission certain enterprises, provided they that comply with the provisions of this regulation and meet other conditions, to produce medical devices. In the case of commissioned production of medical devices, a medical device registrant or filer shall be responsible for the quality of the medical devices produced by the commissioned production enterprises, and supports the administration of the production process of the commissioned production enterprises to ensure the compliance with the relevant regulatory requirements. Commission agreements are entered into, to be concluded by the medical device registrant or filer with the commissioned production enterprises. According to the Commission Guidelines issued by the NMPA on March 22, 2022, when a medical device registrant or filer commissions an enterprise that meets the required conditions to manufacture medical devices, it shall sign a "quality agreement for commissioned production of medical devices" with the commissioned manufacturer to clarify the rights, obligations and responsibilities to be assumed throughout the whole process of production process. Parties applying the Commission Guidelines shall choose to apply all or part of the Commission Guidelines for the formulation of quality agreements through consultation, taking into consideration the specific circumstances of thein light of the actual situation of commissioned production; if necessary, relevant requirements other than the Commission Guidelines may also be added. The Commission Guidelines apply to the medical devices that have been filed or registered. The formulation of the "quality agreement for commissioned production" of the medical device samples at the research and development stage, may refer to the Commission Guidelines. Since May 2022, Hunan Baide, as the registrant of medical devices, has commissioned a third-party manufacturer which has obtained the Permit for Medical Device Production to produce relevant models of microwave ablation needles. We entered into a contract and a quality agreement for commissioned production in accordance with the 2021 Medical Device Regulations and the Commission Guidelines which stipulates the rights, obligations and responsibilities of

both parties throughout the whole production process. We believe that our commissioned production was legal and valid under the relevant laws and regulations of the PRC. Therefore, we are of the view that the Commission Guidelines will not have any material and adverse impact on our business operation.

Medical Devices Trials

On March 24, 2022, the NMPA and the National Health Commission of the PRC jointly issued the new Good Clinical Practice for Medical Devices Trials (the "2022 Good Clinical Practice") which became effective on May 1, 2022, as an amendment to the expired Good Clinical Practice for Medical Devices Trials (the "2016 Good Clinical Practice"). The 2022 Good Clinical Practice outlines the full procedures applicable to clinical trials of medical devices, including the protocol design, conduct, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedures of a clinical trial. For conducting clinical trials of medical devices, an applicant shall organize to formulate scientific and reasonable clinical trial protocols based on the purpose of the clinical trial, with comprehensive consideration of the risks, technical characteristics, application scope and expected use of the medical devices tested. The applicant shall be responsible for (i) developing and revising the researcher's manual, clinical trial protocols, informed consent form, case report form, relevant standard operating procedures and other relevant documents, and (ii) organizing necessary training for the clinical trials. The applicant shall select the clinical trial institutions and its researchers from the qualified medical device clinical trial institutions according to the characteristics of the medical devices to be used in the clinical study. An applicant for clinical trials of medical devices shall be responsible for initiating, applying, organizing and monitoring such clinical trials, and shall be responsible for the authenticity and reliability of the clinical trials.

The 2022 Good Clinical Practice highlights the main responsibility of the clinical trial sponsor, requiring that the quality management system of the sponsor should cover the whole process of the clinical trials and that the sponsor shall, according to the purpose of the clinical trial, comprehensively consider the risks, technical characteristics, application scope and expected use of the medical devices tested according to the purpose of the clinical trial. The 2022 Good Clinical Practice also simplifies the relevant requirements and supporting documents for clinical trials, including but not limited to cancelling the requirements that clinical trials of medical devices should be conducted in "two or more" medical device clinical trial institutions and that the qualified product registration inspection report should only be valid for one year.

Pursuant to the 2021 Medical Device Regulations, clinical evaluation shall be conducted before the registration or record-filing of medical devices. However, medical devices may be exempt from clinical evaluation under any of the following circumstances: (i) the medical devices have clear and definite working mechanisms, finalized designs and mature manufacturing techniques, the marketed medical devices of the same category have been put into clinical application for years with no record of severe adverse events, and their general purposes remain unchanged; and (ii) the safety and utility of such medical devices can be proved through non-clinical evaluation. During the clinical evaluation process, the safety and efficacy of medical devices may be measured by carrying out clinical trials or analyzing and evaluating the clinical literature and data of medical devices of the same category on the basis of the product characteristics, clinical risks, existing clinical data and other circumstances. If the existing clinical literature and data are insufficient to measure the safety and efficacy of the medical devices, clinical trials shall be conducted.

Laws and Regulations Relating to Medical Devices Operation

Measures for the Supervision and Administration of Medical Devices Operation

In order to strengthen the supervision and management of medical devices operation, regulate medical device operation activities, and ensure the safety and efficacy of medical devices, the State Administration for Market Regulation has formulated the Measures for the Supervision and Administration of Medical Devices Operation ("2022 Supervisory and Administrative Measures for Operations") in accordance with the 2021 Medical Device Regulations, which were promulgated on March 10, 2022 and came into effect on May 1, 2022. According to the 2022 Supervisory and Administrative Measures for Operations, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and scope, and shall have a quality control department or personnel suitable for the medical devices it operates. An enterprise engaged in the operation of Class II medical devices shall file and provide

proofing materials with the competent municipal level drug supervision and administration department, and provide proofing materials for satisfying the relevant conditions of engaging in the operation of Class II medical devices, while an enterprise engaged in the operation of Class III medical devices shall apply for a Business Operation License of Medical Devices from the competent municipal level drug supervision and administration department and provide any required proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices. The competent drug supervision and administration department which receives operation permit application shall grant the Business Operation License of Medical Devices if the enterprise meets the prescribed requirements. A Business Operation License of Medical Devices is valid for five years and may be renewed pursuant to the relevant regulations. An enterprise engaging in medical devices operation shall not operate any medical device that has not been legally registered or filed for record, without qualification certificate, outdated, invalid or disqualified.

Compared with the expired Measures for the Supervision and Administration of Medical Device Operation, which were revised in 2017, (the "2017 Supervisory and Administrative Measures for Operations"), amendments have been made to the 2022 Supervisory and Administrative Measures for Operations were amended in several aspects, including but not limited to: (i) simplifying materials to be submitted for the application for business licenses and filing; (ii) changing the extension application timeframe for an expiring Business Operation License of Medical Devices is required to be extended upon its expiration, changing the timing required for making any extension application from six months prior to expiration to a period ranging from thirty business days to ninety business days prior to expiration, emphasizing that any late extension applications made after such timeframe would not be accepted, and specifying the method of calculating the duration of the Business Operation License of Medical Devices; (iii) clarifying that medical device business enterprises should establish and implement a product traceability system to ensure product traceability, and shall enforce the unique medical device identification system in accordance with relevant national regulations; and (iv) adjusting the punishments for illegal acts by strengthening the penal severity (for instance, the maximum fine to be imposed is increased from RMB30,000 to RMB200,000, if enterprises engaged in the business of Class III medical devices change their business premises, warehouse addresses, or scope of operation without approval).

We have obtained the Business Operation License for Class III Medical Devices and the Record-filing Certificate for Operation of Class II Medical Devices for our existing products in China, which are within the validity term. We will ensure that our operations in the future will remain in compliance with the 2022 Supervisory and Administrative Measures for Operations. We do not believe that the adoption and implementation of the 2022 Supervisory and Administrative Measures for Operations will have a material impact on our business operations because (1) the updates and revisions to the 2022 Supervisory and Administrative Measures for Production do not affect the validity of the production license obtained by Baird Medical on May 25, 2021, which remains applicable and is sufficient for Baird Medical to satisfy relevant requirements under the 2022 Supervisory and Administrative Measures for Production, (2) during the process of obtaining the registration certificate for Class III thyroid medical devices, Baird Medical passed an audit, performed by the National Medical Products Administration and in accordance with the 2022 Supervisory and Administrative Measures for Production, for the period from February 9, 2023, to February 10, 2023, and (3) after obtaining the registration certificate for its single-use sterile biopsy needle product, Baird Medical applied to add "Class II: 14-01 Injection and Puncture Instruments" to the production scope of the medical device production license, and obtained the updated medical device production license on October 16, 2023 in accordance with the 2022 Supervisory and Administrative Measures for Production. As of the date of this prospectus, we are subject to and in compliance with the 2022 Supervisory and Administrative Measures for Production.

Tender Processes for Medical Devices

According to the Notice on Further Strengthening the Administration of Centralized Procurement of Medical Devices issued on June 21, 2007, all not-for-profit medical institutions under all levels of government and state-owned enterprises from different industries shall participate in the centralized procurement of medical devices.

Pursuant to the Notice of Opinions on Reform of Pricing System of Pharmaceuticals and Medical Services issued on November 9, 2009, the management on the pricing of medical devices has been

strengthened. For high-value medical devices, especially for implantable and interventional medical devices, reasonable price formation can be guided by measures such as limiting the price difference rate in circulation links and publishing market price 238 information. High-value medical devices usually refer to medical devices that are directly used on the human body, have strict safety requirements, on safety, have large consumption for clinical use consumption and have relatively high prices.

According to the Administrative Norms on Centralized Procurement of High-Value Medical Consumables issued on December 17, 2012, the online centralized procurement of high-value medical consumables (the "Centralized Procurement") will be led by the government and conducted by each province (region and municipality). Medical institutions, and medical consumables production and operation enterprises shall utilize procurement through the Centralized Procurement platform established by each province. (region and municipality). The administrative authorities in charge of the Centralized Procurement in each province (region and municipality) shall be responsible for formulating and preparing a Centralized Procurement list of high-value medical devices within its administrative region. High-value medical consumables included on the Centralized Procurement list may be procured by way of public tenders and invitational tenders or by other means stipulated by laws and regulations of the State. After the procurement prices are determined, public medical institutions within relevant regions shall make procurement strictly at bidding prices.

Pursuant to the Reply of the National Healthcare Security Administration's August 9, 2021 Reply to Recommendation No.7843 of the Fourth Session of the 13th National People's Congress issued by National Healthcare Security Administration on August 9, 2021, Since its establishment, the National Healthcare Security Administration has actively promoted the work of medical insurance informatization. In order to accelerate the formation of a top-down national medical insurance informatization integration pattern, we are making every effort to promote the deployment of a unified, efficient, compatible, convenient and safe national medical insurance information platform. application work, speed up the establishment of a unified national medical insurance information platform, and realize the informatization of medical insurance management. The national platform includes fourteen14 business subsystems in four major categories, including a medical insurance intelligent supervision subsystem, drug and medical consumable recruitment management subsystem, macro decision-making big data application subsystem, etc. Through big data actuarial analysis technology has helped, it helps to improve the scientific decision-making of medical insurance policies and the refined management of funds, as well as support the standardization and comprehensively supports the improvement of the national medical insurance. To date standardization, intelligence and information level. At present, the national medical insurance information platform has been implemented, and has been applied online in Guangdong, Qinghai, Hebei, Hainan, Guizhou, Gansu, Xinjiang, Chongqing, Hunan, Tianjin, Jilin and other provinces. The overall operation has been stable and efficient.

Two-Invoice System

According to the Notice of Publishing Opinions on Implementing Two-invoice System in Drug Procurement Among Public Medical Institutions (For Trial Implementation), which was issued on December 26, 2016, the "two-invoice system" refers to the system that requires one invoice to be issued from pharmaceutical manufacturers to the circulating enterprise and the other invoice to be issued from the circulating enterprise to medical institutions. The wholly-owned or holding commercial company (only one commercial company is permitted in the whole country) or the domestic general agent for overseas drugs (only one domestic agent is permitted in the whole country) established by a pharmaceutical manufacturer or a group enterprise integrating science, industry and trade may be regarded as a manufacturer. The allocation of drugs between a pharmaceutical distribution group enterprise and its wholly-owned (holding) subsidiaries or among its wholly-owned (holding) subsidiaries may not be regarded as a process for which an invoice should be issued, but one invoice is allowed to be issued at most.

According to the Notice on Consolidating the Results in Eliminating the Mechanism of Replenishing Medical Costs with Drug Selling Profits and Further Deepening the Comprehensive Reform of Public Hospitals, which was issued on March 5, 2018, a classified and centralized mechanism shall be implemented for the procurement of high-value medical consumables and the "two-invoice system" shall be carried out for the procurement and sale of high-value medical consumables.

On July 19, 2019, the General Office of the State Council released the Notice of the General Office of the State Council on Promulgation of the Reform Plan for the Control of High-value Medical Consumables, which encourages the local authorities to reduce the circulation steps of high-value medical consumables through the "two-invoice system" to promote and other ways in light of the actual situation, so as to promote the openness and transparency of purchases and sales.

Currently, some provinces in the PRC have formulated relevant rules and regulations to implement the "two-invoice system" in the field of high-value medical consumables. For example, in July 2018, the Fujian Provincial Medical Security Management Committee Office promulgated, for instance, the Notice on the Sharing of Transparent Procurement Results of Medical Devices (Medical Consumables) Across the Province. In November 2017, five local government departments of Anhui Province including promulgated by the Fujian Provincial Medical Security Management Committee Office in July 2018, and Drug Administration of Anhui Province issued the Opinions on Implementation of the "Two Invoice System" in Medical Consumables Procurement by Public Medical Institutions in Anhui Province (for Trial Implementation) was issued by five local government departments of Anhui Province including Food and Drug Administration of Anhui Province in November 2017. According to the Notice of the General Office of the State Council on Promulgation of the Reform Plan for the Control of High-value Medical Consumables, high value medical consumables refer to medical consumables used directly on human bodies which have strict safety requirements, high clinical demand, higher price and heavy burden on the public's financial affordability. The Ministry of Health, the Office of the State Council to Rectify Unhealthy Trends in the Industry, the National Development and Reform Commission, the Ministry of Supervision, the State Administration for Industry and Commerce, and the State Food and Drug Administration promulgated the Administrative Norms on Centralized Procurement of High-value Medical Consumables Notice on December 17, 2012, which is attached with a reference list of high-value medical consumables. As (i) the microwave ablation products we manufactured are not included in this reference list; and (ii) we have not received any notice from the competent authority stating that our microwave ablation products should be classified as high-value medical consumables as of December 31, 2023, we do not believe view that the products we sold by us through distributors in these geographic regions have violated the "two-invoice system."

As of September 13, 2022, Qinghai Province and Shaanxi Province have also formulated rules and regulations to implement the "two-invoice system" for all medical consumables under the Notice on the Implementation of the "Two Invoice System" for Drugs and Medical Consumables promulgated by the Health Commission of Qinghai Province in June 2017 and the Notice on Further Promoting the "Two Invoice System" on Medicines and Medical Consumables issued by eight local government departments of Shaanxi Province including Deepen Medical and Healthcare System Reform Leading Group Office of Shaanxi Province in July 2018.

The Unique Medical Device Identification (UDI) System

Pursuant to the Medical Device Unique Identification System Rules (State Drug Administration Announcement No.66 of 2019), the State Drug Administration on the First Batch of Implementation of the Unique Identification of Medical Devices on Matters Related to the Notice (State Drug Administration Notice No.72 of 2019) and the In-depth Pilot to do a Good Job of the First Batch of Implementation of the Unique Identification of Medical Devices Work Notice (State Drug Administration, the National Health and Health Commission, the National Health Insurance Bureau Notice No.106 of 2020), medical devices involving active implants, passive implants and other high-risk Class III medical devices were included in the first batch of medical device unique identification implementation varieties. On January 1, 2021, the production of medical devices included in the first batch of medical device unique identification implementation varieties should have a medical device unique identification, and for the smallest sales unit, higher level packaging product identification and related data uploaded to the medical device unique identification database.

Pursuant to the aforementioned provisions, the first batch of enterprises and products included in the pilot were unique identification of medical devices are required to implement the rules related to the unique identification of medical devices starting on 1 January 1, 2021. The medical device manufacturers not included in the first batch of the pilot unique identification should have been recorded for each production and business activities.

The Company is not among the first batch of companies participating in the UDI pilot as specified in the Notice of the Comprehensive Department of the State Drug Administration on the Pilot Training of the Unique Identification System for Medical Devices.

Pursuant to the Announcement on the Second Batch of Implementation of the Unique Identification of Medical Devices (State Drug Administration, the National Health and Health Commission, the National Health Insurance Bureau Notice No.114 of 2021), on the basis of the sixty-nine (69) varieties in nine (9) categories specified by the In-depth Pilot to do a Good Job of the First Batch of Implementation of the Unique Identification of Medical Devices Work Notice, the remaining Class III medical devices (including in vitro diagnostic reagents) are included in the second batch of medical device unique identification implementation varieties. Starting on June 1, 2022, other medical device varieties are encouraged to implement unique identification. Before medical devices products are put on the market, the registrant was required to upload the smallest sales unit, higher level packaging product identification and related data to the medical device unique identification database from 1 June 2022 to ensure that the data are true, accurate, complete and traceable. As confirmed by our Directors, as of the date of this prospectus, the Company's products have implemented the unique identification of medical devices according to the requirements specified above.

Regulations Relating to Advertisements of Medical Devices

The State Administration for Market Regulation promulgated the Interim Measures for the Administration of the Examination and Administration of Drugs, Medical Devices, Health Foods, and Formula Foods for Special Medical Purposes (the "Examination Interim Measures") on December 24, 2019, which came into effect on March 1, 2020. The Examination Interim Measures stipulates that the advertisements for medical devices shall not be released without being reviewed and the contents of a medical device advertisement shall be based on the contents of the registration certificate or filing certificate approved by the drug administrations, or the registered or filed product instructions. Where the medical device advertisement involves the name, scope of application, functional mechanism, or structure or composition, etc. of the medical device, the scopes of the registration certificate or filing certificate, or registered or filed product instruction shall not be exceeded. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is specified in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Medical Device Recalls

Pursuant to the Administrative Measures for Medical Device Recalls, which was promulgated on January 25, 2017 and became effective on May 1, 2017, in light of the severity harm, medical device recalls are divided based on the severity of harm into: (i) Class I recall where the circumstances leading to the recall may cause or have caused serious health hazards; (ii) Class II recall where the circumstances leading to the recall may cause or have caused temporary or reversible health hazards; or (iii) Class III recall where the circumstances leading to the recall are not likely to cause harm.

Medical device manufacturers shall determine the recall class based on the specific situation and properly design and implement the recall plan based on the recall class. For and the sale and use of the medical devices. In terms of Class I recall, the recall notice shall be published on the NMPA website and major media. For Class II and Class III recalls, the recall notice shall be published on the website of the food and drug administrative authority of the provinces, autonomous regions or municipalities.

National Medical Insurance Program

Pursuant to the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme promulgated on June 30, 1999, part of the fees of diagnostic and treatment devices and diagnostic tests would be paid through the basic medical insurance scheme. Detailed reimbursement coverage and rate are subject to provincial local policies. Pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic

Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees. Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System forwarded by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has since spread to the whole nation thereafter. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In 2015, the PRC Government announced the Outline for the Planning of the National Medical and Health Service System (2015-2020) which aimed to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

On January 3, 2016, the State Council issued the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents to integrate the Urban Resident Basic Medical Insurance and the New Rural Cooperative Medical System and to establish a unified Basic Medical Insurance for Urban and Rural Residents, which will cover all urban and rural non-working residents except for rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

The General Office of the State Council further released the Guidance on Further Deepening the Reform of the Payment Method of Basic Medical Insurance in June 2017. The main objectives were to implement a diversified reimbursement mechanism including diagnosis related groups, per-capita caps, and per-bed-day caps. Local administration of healthcare security has introduced introduce a total budget control for their jurisdictions and increased decision-making ability in connection with the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds.

According to Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables, the State plans to establish a basic medical insurance access system for high-value medical consumables and implement catalogue management of high-value medical consumables, and to improve dynamic catalogue adjustment and timely supplement necessary new technological products. Also, the State plans to make policies on payment by medical insurance payments through, among others, scientifically formulating the standards for payment by medical insurance for high-value medical consumables and establishing a dynamic adjustment mechanism.

Pursuant to the Notice of Catalogue of Medical Consumables for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance in Guangdong (the "Medical Consumables Catalogue") issued by the Guangdong Provincial Department of Human Resources and Social Security and Guangdong Provincial Healthcare Security Administration on June 14, 2022, the Microwave Ablation (needles, knives) is explicitly included in the Medical Consumables Catalogue.

Commercial Insurance

The State Council and the PRC Communist Party jointly issued the Plan for Healthy China 2030 in October 2016. According to the Plan, the country will establish a multi-level medical security system built around basic medical insurance, with other forms of insurance supplementing the basic medical insurance, including serious illness insurance for urban and rural residents, commercial health insurance and medical assistance. Furthermore, the Plan encourages enterprises and individuals to participate in commercial health insurance and various forms of supplementary insurance.

Laws and Regulations on Anti-Unfair Competition

Since early 1990s, the legislative authorities at different levels in China have promulgated certain laws and regulations in respect of commercial bribery. According to the Anti-Unfair Competition Law of the PRC ("Anti-Unfair Competition Law "), which was passed by the Standing Committee of the NPC (the "SCNPC") on September 2, 1993, became effective as at December 1, 1993, and was most recently amended on April 23, 2019, unfair competition refers to an operator that disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law. in the production and operating activities. Pursuant to the Anti-unfair Competition

Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

According to the Interim Provisions on the Prohibition of Commercial Bribery ("Prohibition Commercial Bribery Provisions"), which was promulgated by SAMR on November 15, 1996, commercial bribery refers to an act of offering money or property or using other means by an operator to the other entity or individual for the purposes of selling or buying goods. "Other means" refers to the means used to provide any types of benefits other than money or property, such as offering overseas or domestic travel. According to the Anti-Unfair Competition Law and the Prohibition Commercial Bribery Provisions, regulatory authorities may impose fines depending on the seriousness of the cases of commercial bribery and if there is any illegal income, such income shall be confiscated. If the cases constitute crimes, the cases shall be transferred to judicial administration for investigation of criminal liability.

Production Safety and Liability

Production Safety Law of the PRC

Pursuant to the Production Safety Law of the PRC last amended on June 10, 2021 and effective as of September 1, 2021, an enterprise shall (i) provide production safety conditions as stipulated in this law and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than one hundred 100 employees shall establish a department or engage in personnel managing production safety specifically. Personnel who are responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall resolve any safety issue identified during the inspection in a timely manner. Any unresolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall resolve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

According to the Interim Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects promulgated by the State Administration of Work Safety, as amended on April 2, 2015 and effective as of May 1, 2015, the safety facilities of a construction project must be designed, built and put into production and use simultaneously with the main part of the project. For the design of the safety devices of a construction project, the business entity shall organize the examination thereof and prepare a written report for inspection. Before a construction project is put into production or use after completion, the business entity shall organize a completion acceptance of the project's safety devices of the project and submit a written report for inspection. The project may not be put into production or use until its safety devices pass the completion acceptance. Where a construction project falls under any of the following circumstances, the competent authority shall order the business entity concerned to make correction within a certain time limit, and may concurrently impose a fine of not less than RMB5,000 but not more than RMB30,000: (1) having no safety device design; (2) failing to organize an examination of the safety device design and forming a written examination report; (3) the construction entity fails to follow the safety device design; (4) failing to have the safety devices pass the completion acceptance and forming a written report before the project is put into production or use.

Occupational Disease Prevention Law of the PRC

Pursuant to the Occupational Disease Prevention Law of the PRC amended and coming into effect on December 29, 2018, employers in the PRC shall create the working environment and conditions that conform

to the national norms for occupational health and requirements for public health and take measures to ensure that the employees receive occupational health protection. The employers shall establish and improve the responsibility systems for prevention and control of occupational diseases, in order to enhance management and raise the level in this field, and bear responsibility for the occupational diseases hazards produced at the workplace of the employer.

If the facilities for the prevention and control of occupational diseases of a construction project are not designed, constructed, and put into production and used at the same time as the main body of the project according to the relevant provisions, the health administrative department shall give it a warning and order it to take corrective action within a prescribed time limit; and if it fails to do so, impose a fine of not less than RMB100,000 but not more than RMB500,000 on it; and if the circumstances are serious, order it to cease operations causing occupational hazards, or request the relevant people's government to order cessation of construction or a shutdown according to the powers granted by the State Council.

Product Quality Law of the PRC

Pursuant to the Product Quality Law of the PRC, was promulgated by the SCNPC on February 22, 1993, and last amended and became effective on December 29, 2018, producers and sellers shall have their own proper regulations for the management of product quality, rigorously implementing post-oriented quality regulations, quality liabilities and relevant measures for their assessment. Producers and sellers are responsible for the product quality according to the provisions of the laws.

The product quality supervision and administration departments of the State Council are responsible for the supervision and administration of the quality of products of the whole country. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties.

Quality of products shall pass quality standard examinations and it is not allowed to pass off sub-standard products shall not be passed off as standard ones. Industrial products which may be hazardous to the health of the people and the safety of lives and property shall conform to the State and trade standards for ensuring the health and safety of the people and protection safety of lives and property. In absence of such State or trade standards, the products shall conform to the minimum requirements for ensuring the health of the people and the safety of people lives and protection of property. It shall be prohibited to produce or sell industrial products that do not meet the requirements and demands for physical health and safety of body and property. Producers or sellers shall be responsible for any compensation arising from their unlawful acts such as production or sales of defective, eliminated or ineffective products, faking the place of origin or quality marks, mixing or adulterating products, or passing off imitations as genuine, substandard products as quality ones, or non-conforming products as conforming. Proceeds from these sales may be confiscated, the business license may be revoked and penalties may be imposed. If the case is serious, criminal responsibilities shall be investigated. Producers or sellers shall be liable for any damage to any person or property due to the defects of products resulting from the default of the producers or sellers.

Medical Liability and Consumer Protection

According to the Law on the Promotion of Basic Medical and Health Care of the PRC issued by SCNPC on December 28, 2019, and became effective on 1 June 1, 2020, medical institutions are encouraged to participate in medical liability insurance or establish medical risk funds. Pursuant to the Civil Code of the PRC promulgated on May 28, 2020, effective and coming into effect on January 1, 2021, where any harm to a patient is caused by the defect of any medical device, the patient may demand compensation from the manufacturer or require compensation from the medical institution. In the event of any required patient compensation, the medical institution which paid the compensation shall be entitled to be reimbursed by the manufacturer.

The PRC Law on the Protection of the Rights and Interests of Consumers, which was promulgated on October 31, 1993, last amended on October 25, 2013 and became effective on March 15, 2014, aims to protect consumers' rights. All business operators must comply with such law when they manufacture or sell goods and/or provide services to customers. Consumers whose legitimate rights and interests are infringed upon purchasing and using commodities and/or in receiving services may demand compensation from the sellers.

Consumers or other victims suffering from personal injuries or property damage resulting from defects of commodities may demand compensation from either the sellers or the manufacturers. If the liability is on the manufacturers, the sellers shall, after paying the compensation, be able to recover the compensation from the manufacturers. If the liability is on the sellers, the manufacturers shall, after paying the compensation, be able to recover the compensation from the sellers. Where a business operator violates the PRC Law, it may be subject to a fine, an order to cease production or a revocation of licenses. Business operators that infringe the legitimate rights and interests of consumers shall be investigated for criminal liability in accordance with the law.

Environmental Protection

Pursuant to the Environmental Protection Law of the PRC promulgated and effective on December 26, 1989 and became effective on the same day, last amended on April 24, 2014 and became effective on January 1, 2015, the pollutant discharge licensing system has been implemented in the PRC. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Pursuant to the Prevention and Control of Water Pollution Law of PRC promulgated on May 11, 1984 and became effective on November 1, 1984, last amended on June 27, 2017 and became effective on January 1, 2018, entities that discharge medical sewage to water bodies directly or indirectly shall obtain a pollutant discharge license.

Pursuant to the Environmental Impact Assessment Law of the PRC promulgated on October 28, 2002, became effective on September 1, 2003 and last amended on December 29, 2018, and the Regulations on the Environmental Protection of Construction Projects, which was promulgated and implemented on November 29, 1998 and then amended on July 16, 2017 and came into effect on October 1, 2017, the State classifies administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Under the Interim Measures for the Completion Inspections of Environment Protection Facilities of Construction Projects, which was promulgated on November 20, 2017, unless otherwise provided by laws and regulations, enterprises with construction projects, which are required to make an assessment reports or statements, shall undertake self-inspections of the environmental protection facilities upon the completion of the construction. A construction project may be formally put into production or use only if its corresponding environmental protection facilities have passed the acceptance examination.

Pursuant to Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes, promulgated on October 30, 1995, last amended on April 29, 2020 and became effective on September 1, 2020, the construction of projects which discharge solid waste and the construction of project for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on environment and in compliance with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. No construction projects shall be permitted to be put into operation or to use before its facilities for the prevention and control of environmental pollution caused by solid wastes have been inspected and accepted by the construction unit in accordance with relevant laws and regulations.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution promulgated on May 11, 1984, last amended on June 27, 2017, and came into effect on January 1, 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the said

construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed Environmental Impact Assessment Documents.

Pursuant to the Law of the PRC on Prevention and Treatment of Atmospheric Pollution promulgated on September 5, 1987 and last amended and effective on October 26, 2018 and came into effect on the same date, entities undertaking construction projects which have an impact on atmospheric environment shall conduct the environmental impact assessment and disclose the environmental impact assessment documents. The pollutants discharged into the air shall comply with relevant discharge standards and be within the limits under the volume control target requirements of key atmospheric pollutants. The competent department of environmental protection under the State Council or the people's governments of provinces, autonomous regions and municipalities formulate the atmospheric environmental quality standards.

Regulations on Intellectual Property Rights

Copyright Law of the PRC

Pursuant to the Copyright Law of the PRC (the "Copyright Law"), which was promulgated on September 7, 1990 and last amended on November 11, 2020 and became effective on June 1, 2021, copyrights include personal rights such as the right of publication and that of authorship as well as property rights such as the right of production and that of distribution. Works which can be protected under Copyright Law include written works; oral works; musical, dramatic, choreographic and acrobatic art works; works of fine art and architecture; photographic works; audiovisual works; drawings of engineering designs and product designs, maps, sketches and other graphic works as well as model works; computer software, etc.

Trademark Law of the PRC and its Implementing Rules

Trademarks are protected by the Trademark Law of the PRC which was promulgated on August 23, 1982 and last amended on April 23, 2019, effective and took effect on November 1, 2019 as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council on August 3, 2002 and revised on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a term of ten (10) years to registered trademarks, renewable every ten (10) years where a registered trademark needs to be used after the expiration of its validity term.

Patent Law of the PRC and its Implementing Rules

According to the Patent Law of the PRC, promulgated by the SCNPC on March 12, 1984 and further amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, of which latest version came into effect on June 1, 2021 and the Implementing Rules of the Patent Law of the PRC, promulgated by the State Council on June 15, 2001, and last amended on January 9, 2010 and came into effect on February 1, 2010, the term "invention-creations" refers to inventions, utility models and designs. The duration of a patent right for inventions shall be twenty (20) years, the duration of a patent right for utility models shall be ten (10) years and the duration of a patent right for designs shall be fifteen (15) years, counted from the filing date. In the event that a dispute arises due to a patent being exploited without the prior authorization of the patentee, that is to say an infringement upon the patent right of the patentee.

According to the Interim Measures for the Implementation of relevant Examination Business Handling of the Amended Patent Law, promulgated by the CNIPA on January 4, 2023 and came into effect on January 11, 2023, the term of protection of the patent right for designs prior to the filing date of May 31, 2021 (inclusive) shall be ten (10) years commencing on the filing date.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, domain name registry and domain name registrar within the territory of China shall be subject to the approval of the

Ministry of Industry and Information Technology or provincial, autonomous regional and municipal communications administration authorities. The registration of domain name shall follow the principle of "first to file and first to register", except as otherwise provided for by the corresponding detailed rules for the implementation of domain name registration.

Regulations on Foreign Investment in the PRC

Company Law of the People's Republic of China

The Company Law of the People's Republic of China (the "Company Law"), which was promulgated on December 29, 1993 and became effective on July 1, 1994, last amended and effective on October 26, 2018 and came into effect on the same day, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021 Version)

Pursuant to the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021 Version) (the "Negative List 2021") promulgated on December 27, 2021 and effective on January 1, 2022, limitations were stipulated for foreign investments in different industries in the PRC. Foreign investments shall be classified into two categories, namely the Catalog of Encouraged Industries for Foreign Investment and the Special Management Measures (Negative List) for the Access of Foreign Investment. The Negative List 2021 provides restrictions on shareholding ratio and requirements on senior management personnel in restricted industries and prohibitions on foreign investment in certain industries. Industries that do not fall within the Negative List 2021 for t are industries permitted for foreign investment, and foreign investments in such permitted industries shall be subject to the same requirements on domestic investments.

Foreign Investment Law of the People's Republic of China

On March 15, 2019, the 2nd meeting of the 13th NPC approved the Foreign Investment Law of the People's Republic of China (the "FIL"), which became effective on January 1, 2020. According to the FIL, the "foreign investment" refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (the "Foreign Investors") in the PRC, including the following: (i) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (ii) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (iii) Foreign Investors investing in new projects in China alone or collectively with other investors; and (iv) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; and the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval by the State Council. After the FIL came into effect, the FIL replaced the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures and the Wholly Foreign-Owned Enterprise Law of the People's Republic of China, and became the legal foundation for foreign Investment in the PRC.

On December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law of the People's Republic of China (the "Implementing Rules"), which became effective on January 1, 2020 and replaced the Implementing Rules of the Laws on Sino-Foreign Equity Joint Ventures, the Implementing Rules of the Laws on Sino-Foreign Cooperative Joint Ventures and the Implementing Rules of the Wholly Foreign-Owned Enterprise Law. The Implementing Rules restates certain principles of the FIL and further provides, among others, if a foreign-invested enterprise established prior to the effective date of the FIL fails to adjust its legal form or the governing structure to comply with the provisions of the Company Law or the PRC Partnership Enterprise Law, as applicable, and complete the amendment registration

accordingly before January 1, 2025, the enterprise registration authority will not process other registration matters of such foreign-invested enterprise and publicize such non-compliance issues thereafter.

Measures on Reporting of Foreign Investment Information

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information, which took effective on January 1, 2020 and replaced the Interim Measures for the Administration of Record-filing on the Incorporation and Changes of Foreign-invested Enterprises. Foreign Investors carrying out investment activities in the PRC or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System pursuant to the Measures on Reporting of Foreign Investment Information.

Regulations on Employment and Social Security

Labor Law of PRC

The Labor Law of PRC, which was promulgated by the SCNPC on July 5, 1994, became effective on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, provides that laborers have the right to be employed on an equal basis, choose occupations, obtain remunerations for labor, take rests, have holidays and leaves, receive labor safety and sanitation protection, get training in professional skills, enjoy social insurance and welfare treatment, and submit applications for settlement of labor disputes, and other labor rights stipulated by law. An employer shall develop and improve its rules and regulations to safeguard the rights of its workers. Labor safety and health facilities must comply with relevant national standards. Workers engaged in special operations shall have received specialized training and obtained the pertinent qualifications.

Labor Contract Law of PRC and its Implementation Regulations

The Labor Contract Law of PRC, which was promulgated by the SCNPC on June 29, 2007, became effective on January 1, 2008, and was amended on December 28, 2012, and became effective on July 1, 2013, and the Implementation Regulations on Labor Contract Law which was promulgated and came into effect on September 18, 2008 by the State Council, regulate the relations of employer and the employee that an employer shall enter into a written labor contract with its employees, and contain specific provisions involving the terms of the labor contract.

Regulations on Supervision over the Social Security and Housing Funds

The Law on Social Insurance, which was promulgated on October 28, 2010, became effective on July 1, 2011, and was amended on December 29, 2018, regulates that all employees are required to participate in basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, which must be contributed by both the employers and the employees or by employers only (with respect to maternity insurance and work injury insurance). Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times of the overdue amount.

According to the Provisional Regulations on the Collection and Payment of Social Insurance Premium, effective January 22, 1999 and amended on March 24, 2019, the Regulations on Work Injury Insurance implemented on January 1, 2004 and amended on December 20, 2010, the Regulations on Unemployment Insurance promulgated on January 22, 1999 and the Trial Measures on Employee Maternity Insurance of Enterprises implemented on January 1, 1995, enterprises in China must provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies and must pay or withhold relevant social insurance premiums for or on behalf of employees.

The Regulations on the Administration of Housing Provident Fund, which was promulgated and effective on April 3, 1999 and came into effect on the same date, and was amended on March 24, 2002 and March 24, 2019, stipulates that housing provident fund contributions paid by both an individual employee and housing provident fund contributions paid by his or her employer shall all belong to the individual employee. Companies who fail to process such registrations or open housing provident fund accounts for their employees, shall be ordered by the housing provident fund administration center to complete such procedures within a designated period. Otherwise, those who violate such procedures within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When companies breach the regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

Regulations on Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (the "EIT Law"), which was promulgated on March 16, 2007, became effective on January 1, 2008, and was amended by the SCNPC on February 24, 2017 and December 29, 2018, and the Implementation Regulations on the EIT Law (the "EIT Regulations"), which was promulgated by the State Council on December 6, 2007, became effective on January 1, 2008, and amended by the State Council on April 23, 2019 and came into effect on the same date. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but which (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and EIT Regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, enterprise income tax is set at the rate of 10%.

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 $141,225, of the assessable profit before tax is subject to preferential tax rate of 20% and the 25% of the assessable profit before tax exceeding RMB1.0 million but not exceeding RMB3.0 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 $423,675, of the assessable profit before tax is subject to the tax rate of 20%.

According to the EIT Law and the EIT Regulations, an enterprise certified as a high and new technology enterprise is subject to a preferential EIT of 15%. In accordance with the Measures for Administration of Recognition of High and New Technology Enterprise implemented on January 1, 2016, an enterprise certified as a high and new technology enterprise is subject to review by the relevant PRC authorities and shall submit the information about the relevant intellectual property, scientific and technical personnel, research and development expense, operating revenue of previous year and other annual status on the required official web site.

Value-Added Tax

The Provisional Regulations on Value-added Tax, which was promulgated on December 13, 1993, became effective on January 1, 1994, and was last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax, which was promulgated and effective on December 25, 1993 and came into effect on the same date, and was amended on December 15, 2008 and October 28, 2011, became effective on November 1, 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling goods and services, leasing of tangible movable assets or importing goods, a tax rate of 6% shall be

engaging in sale of services and intangible assets whereas the applicable rate for the export of goods by taxpayers shall be zero, unless otherwise stipulated. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value added Tax Rates issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform issued on March 20, 2019 and became effective on April 1, 2019, the value added tax rate was respectively reduced to 13% and 9%, with respect to the VAT taxable sales or imported goods of a VAT general taxpayer.

On November 16, 2011, the MOF and the STA promulgated the Trial Scheme for the Conversion of Business Tax to Value-added Tax, pursuant to the government launched gradual taxation reforms from January 1, 2012, a value-added tax is imposed in lieu of business tax on a trial basis in regions showing strong demonstration effects, and industries such as transportation and certain modern service industries.

The Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax, which was promulgated by the MOF and the STA on March 23, 2016, became effective on May 1, 2016, and was amended on July 1, 2017, December 25, 2017 and March 20, 2019 (with April 1, 2019 being the most recent effective date), all business taxpayers in the consumer service industry shall pay value-added tax instead of business tax from May 1, 2016. If the taxpayer of the pilot project has already enjoyed tax incentives of business tax according to relevant policies and regulations before the application of the pilot collection of value-added tax in lieu of business tax, he or /she may, in the remaining period of tax incentives, enjoy tax incentives of value-added tax in accordance with the relevant provisions.

Dividend Appropriations

According to the Arrangement on the Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong Special Administrative Region entered into between Mainland China and the Hong Kong Special Administrative Region on August 21, 2006, if the non-PRC parent company of a PRC enterprise is a Hong Kong resident which beneficially owns 25% or more interest in the PRC enterprise and is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under applicable PRC laws, the 10% withholding tax rate applicable under the EIT Law may be lowered to 5% for dividends and 7% for interest payments once approvals have been obtained from the relevant tax authorities.

According to the Notice on the Several Issues relating to Implementation of Dividend Clauses in Tax Treaties promulgated by the STA on February 20, 2009 and came into effect on the same date, if a Chinese resident company pays dividends to a fiscal resident of the other contracting party to a tax agreement and the fiscal resident of the other contracting party (or dividend recipient) is the beneficial owner of the dividends, the dividends obtained by the fiscal resident of the other contracting party may enjoy the treatment under the tax agreement. The non-resident taxpayer or the withholding agent is required to obtain and keep sufficient documentary evidence proving that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty. If the main purpose of an offshore transaction or arrangement is to obtain a preferential tax treatment, the competent tax authority shall have the right to make adjustments if any taxpayer has illicitly enjoyed the treatment under a tax agreement by virtue of such a transaction or arrangement.

According to the Administrative Measures on Non-resident Taxpayers to Enjoy the Treatment under Tax promulgated by the STA on October 14, 2019 and effective as of January 1, 2020, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent. The non-resident taxpayer must, simultaneously gather and retain the relevant materials for future inspection, and accept follow-up administration by the tax authorities.

Regulations on Foreign Exchange Control

The Regulations on the Control of Foreign Exchange of the PRC, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996, and were amended on January 14, 1997 and August 5, 2008, set out that foreign exchange receipts of domestic institutions or individuals may be transferred

to China or deposited overseas and that the SAFE shall specify the conditions for transfer to China or deposit overseas and other requirements in accordance with the international receipts, payments status and requirements of foreign exchange control. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange. Domestic institutions or individuals that make direct investments abroad or are engaged in the offering or trade of valuable securities or derivative products overseas should register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with relevant authorities shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

The Circular 37, the Circular on Issues relating to Foreign Exchange Administration for Financing and Round-trip Investments by Domestic Residents through Overseas Special-purpose Companies ([2014] No. 37) promulgated by SAFE on July 4, 2014 with immediate effect, states that (i) a PRC resident, including a PRC resident natural person or a PRC legal person, shall register with the local branch of the SAFE before it contributes its domestic or oversea assets or equity interest into a special purpose vehicle which shall refer to foreign enterprise established directly or controlled indirectly by such PRC resident for the purpose of investment and financing and (ii) when the special purpose vehicle undergoes change of basic information, such as change in PRC resident natural person shareholder, name or operating period, or occurrence of a material event, such as change in share capital of a PRC resident natural person, performance of equity transfer, merger or separation, the PRC resident shall register such change with the local branch of the SAFE in a timely manner.

According to Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the "Circular 13"), which became effective on June 1, 2015 and last amended and became effective on December 30, 2019, banks are required to review and carry out foreign exchange registration under offshore direct investment directly. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (the "Circular 19"), promulgated on March 30, 2015 and amended on December 30, 2019 and March 23, 2023, allows foreign-invested enterprises to make equity investments by using RMB funds converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. However, Circular 19 and the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (the "Circular 16"), which became effective on June 9, 2016, continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing (except for security investment or guarantee products issued by banks), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use.

On October 23, 2019, the SAFE released the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (the "Circular 28") which was implemented on the same date. Under Circular 28, besides foreign-invested enterprises engaged in investment business, non-investment foreign invested enterprises are also permitted to make domestic equity investments with their capital funds under the condition that current special administrative measures for foreign investments (negative list) are not violated, and the relevant domestic investment projects are true and compliant.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their income under capital accounts such as capital funds, foreign loans and overseas listing, without the need to provide the evidential materials concerning authenticity of such capital for banks in advance for each payment, provided that they shall utilize such funds in an authentic and compliant way, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checks in accordance with the relevant requirements.

Laws and Regulations Relating to M&A and Overseas Listing

The Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (the "M&A Rules") were first jointly promulgated by six PRC governmental authorities, namely the MOFCOM, the STA, the SAFE, the SAMR, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on August 8, 2006, came into effect on September 8, 2006 and was subsequently amended and re-promulgated by the MOFCOM on June 22, 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic non-foreign invested enterprise or subscribe the increased capital of a domestic non-foreign invested enterprise, and thus changing of the nature of the domestic non-foreign invested enterprise into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic non-foreign invested enterprise and operate the asset via such foreign-invested enterprise; or when the foreign investors purchase the assets of a domestic non-foreign invested enterprise by agreement, establish a foreign invested enterprise by contributing such assets in such foreign invested enterprise to operate the assets. The M&A Rules requires, among other things, offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by the PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Administrative Measures") which shall take effect on March 31, 2023 to regulate overseas securities offering and listing activities by domestic companies either in direct or indirect form.

The Administrative Measures apply to overseas offerings and/or listings directly or indirectly by domestic companies of equity shares, depository receipts, convertible corporate bonds, or other equity-like securities, including (i) direct overseas securities offerings and/or listings conducted by companies incorporated in the PRC, or PRC domestic companies, directly and (ii) indirect overseas securities offerings and/or listings conducted by companies incorporated overseas with operations primarily in the PRC and valued on the basis of equity, assets, profits or other interests in PRC domestic companies. An equity or equity-linked securities offering by an overseas company will be deemed an indirect offering if (i) more than 50% of such overseas company's consolidated revenues, profit, total assets or net assets that are derived from its audited consolidated financial statements for the most recently completed fiscal year are attributable to PRC domestic companies, and, (ii) any of the following three circumstances applies: key components of its operations are carried out in the PRC; its principal places of business are located in the PRC; or the majority of the senior management members in charge of operation and management are PRC citizens or residents. The determination will be made on the basis of "substance over form" approach. The Administrative Measures require (1) the filing of the overseas offering and listing plan by the PRC domestic companies with the CSRC under certain conditions, and (2) the filing of their overseas underwriters with the CSRC under certain conditions and the submission of an annual report to the CSRC within the required timeline.

Also on February 17, 2023, the CSRC also held a press conference for the release of the Administrative Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies ("Notice on Overseas Filing"), which, among others, clarified that: (i) on or prior to the effective date of the Administrative Measures, the PRC domestic companies that had already submitted valid applications for overseas offering and listing but not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and should complete the filing before the completion of their overseas offering and listing; and (ii) a six-month transition period was granted to PRC domestic companies which, prior to the effective date of the Administrative Measures, had already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of registration in the market of the United States), but have not completed the indirect overseas listing; and follow-on offerings of such companies will need to comply with the Administrative Measures.

Meanwhile, the Administrative Measures also stipulated that in the following circumstances, domestic enterprises shall not be listed overseas: (i) it is clearly prohibited from listing for financing by the laws and regulations and relevant requirements of the State; (ii) overseas offering or listing will threaten or jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the laws; (iii) the domestic enterprises or their controlling shareholders, actual controllers

have committed corruption, bribery, misappropriation or expropriation of property, criminal offences that disrupted the socialist market economic order within the last three years; (iv) the domestic enterprises are being investigated because of suspected crime, or being investigated for material violations or incompliance with laws and regulations, and no conclusions have been made; or (v) there are major disputes over the ownership of equity hold by the controlling shareholders or other shareholders controlled by the controlling shareholders or the actual controllers of the domestic enterprises. If a domestic company falls into the circumstances where overseas offering and listing is prohibited, the domestic company shall suspend or terminate overseas offering and/or listing and report to the CSRC and other relevant department of the State Council.

If domestic companies fail to fulfill the above-mentioned filing procedures, provide false records, misleading statements or make material omissions in relevant filing materials, or carry out overseas offering and/or listing against the prohibited circumstances, they shall be warned and ordered to make correction by the CSRC and be fined between RMB1 million and RMB10 million. The controlling shareholders and actual controller of the domestic companies shall be fined between RMB1 million and RMB10 million if they arrange or command the domestic companies to carry out activities in violation of the foregoing. The person in charge with direct responsibility and other persons directly responsible for the foregoing violation by the domestic companies and their controlling shareholders and/or actual controllers shall be fined between RMB0.5 million and RMB5 million.

If the securities companies and securities service institutions fail to supervise the domestic companies to comply with relevant requirements on filing procedures or prohibitions on oversea offering and listing under the Administrative Measures, they shall be warned by the CSRC and fined between RMB0.5 million and RMB5 million. If the securities companies and securities service institutions fail to fulfill their duties diligently and there are false records, misleading statements, material omissions in (i) the documents produced or issued by such securities companies and securities service institutions in accordance with the PRC laws, administrative regulations, and relevant requirements of the State, or (ii) the documents produced or issued by such securities companies and securities service institutions or documents in accordance with the rules of the overseas listing place that results in disruption of the order of the domestic market and damages to the legitimate rights and interests of domestic investors, the relevant securities company or securities service institutions shall be warned by the CSRC and fined between such amount equal to their services fees and up to ten (10) times the amount of such securities company or securities service institution's service fees or RMB5 million if there are no service fees. The person in charge with direct responsibility and other person directly responsible for the foregoing violation by the securities companies and securities service institutions shall be fined between RMB0.5 million and RMB5 million.

MANAGEMENT'S DISCUSSION AND FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with the section entitled "Summary Consolidated Financial and Operating Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. The actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-looking Statements."

Business Overview

We are one of the leading microwave ablation medical device developers and providers in the PRC for minimally invasive treatment of tumors. Our proprietary medical devices are used for treatment of benign and malignant tumors, including thyroid nodules, liver cancer, lung cancer and breast lumps. We ranked first among microwave ablation medical device providers in the treatment of thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022 according to the Frost & Sullivan Report. Further, we were the third largest microwave ablation medical device provider in the PRC in terms of sales revenue in 2022.

Microwave ablation is a minimally invasive treatment technique that denaturalizes and coagulates the protein of tumor cells with extreme heat generated by microwave energy. Microwave ablation treatments have been applied to benign and malignant tumors, and we believe they are safer, minimally invasive and easier to operate with faster recovery periods and lower complication rates for patients, as compared to traditional treatment methods. Some types of benign tumors have the potential of transforming into malignant ones through a process known as "cancer progression." The cancer progression rates among persons with thyroid nodules and breast lumps are 5.0% and 7.0%, respectively, according to the Frost & Sullivan Report. Microwave ablation treatments can help to prevent cancer progression by curbing a benign tumor from developing into a malignant tumor, and we believe that patients diagnosed with benign tumors are inclined to seek tumor removal to avoid the risks of cancer progression.

Our product offerings and pipeline products mainly consist of microwave ablation apparatus and needles. As of the date of this prospectus, our product offerings available for sale include microwave ablation apparatus approved for the treatment of live cancer and thyroid nodule, long microwave ablation needles, and fine microwave ablation needles. Currently, we hold two registration certificates for Class III medical devices specifically approved for the treatment of liver cancer and thyroid nodules. We have also successfully obtained the registration certificate for the Class III Certificate for MWA Needles, and one registration certificate for Class II medical devices in the PRC in relation to disposable sterile biopsy needles. Under PRC laws and regulations, Class II medical devices are those with moderate risks and are strictly controlled and administered, and Class III medical devices are those with relatively high risks and are strictly controlled and administered through special measures.

Through our research and development team, led by our chief technical officer, Mr. Rongjian Lu, and our research and development partners, including Nanjing Forestry University and Zhuhai People's Hospital, we have focused our development efforts on additional types of microwave ablation medical devices to meet market demand, and have also developed a product pipeline to achieve more extensive products offering.

Our products are ultimately sold to hospitals through (i) direct sales, (ii) deliverers, or (iii) distributors. Benefiting from our distributors' established channels and resources, we have been able to cut costs and time in reaching target markets compared to the costs and time required to distribute those products through direct sales. See "Sales Channels" below for an explanation of the difference between deliverers and distributors. With a network of qualified deliverers, we have been able to sell products to a large group of hospitals at once. With our solid and strategically managed network of deliverers and distributors and close collaboration with medical associations and doctors through our sales and marketing efforts, we have seen the number of hospitals in China purchasing our products increase from approximately 430 in the year ended December 31, 2022 to approximately 505 in the year ended December 31, 2023, with the number of Grade III hospitals (the highest tier hospitals in China as classified and graded pursuant to the *Pilot Draft of the Hospital Hierarchy Management Scheme of the PRC*) increasing from approximately 250 to approximately 310, respectively, for the above periods.

In 2023, the Company experienced a minor setback in revenue, showing a 10% decline compared to the previous year. It's noteworthy that despite the revenue decrease, the Company managed to achieve growth in its gross profit margin. However, the net profit margin experienced a more pronounced decline, primarily attributed to the Company's strategic decision to ramp up its research and development efforts, resulting in increased R&D expenditures. This proactive investment underscores the Company's dedication to fostering innovation and long-term sustainability, positioning it favorably for continued success and competitiveness in the dynamic market landscape. Also, general and administrative expenses have increased, primarily due to a significant rise in credit impairment losses. We expect this growth trend to continue in future financial periods as we plan to expand into overseas markets, capturing market share of sales of MWA medical devices for treating thyroid nodules and breast lumps in the U.S. and in the EU. We have almost completed research and development required for our breast lump, pulmonary nodules and thyroid nodule products to obtain the CE certificate, but have not yet begun the certification process in the EU. Specifically, in December of 2023, we completed product registration and animal testing of our breast lump and pulmonary nodule products in the PRC, and revised the case report form based on the research plan discussion conference which took place in September 2023. In January 2024, the work for the third-party usability study was completed, and the report for the third-party usability study and the clinical evaluation research and clinical trial testing plans for the breast lump and pulmonary nodules clinical research, respectively, were completed in February 2024, subject to any further changes other involved parties such as the ethics committee, may have in evaluating such respective clinical studies. By September of 2024, we plan to: (i) complete the ethics review, (ii) execute the clinical research contracts with the relevant research collaborators and/or the hospital institutions which shall be appointed to carry out the specific tasks of the clinical research; and (iii) submit, where possible, the clinical trial evaluation reports as part of any pre-registration reviews of the certification procedure to shorten the certification processing time for each of the breast lump and pulmonary nodules clinical studies, respectively. Shortly after in September 2024, we expect to have each of the hospital institutions involved in the breast lump and pulmonary nodule studies start the respective clinical trials stage by enrolling research participants and performing medical diagnoses. Based on the current proposed research schedule timeframe, we expect to have all research participants successfully enrolled by November 2024 and finish all clinical trial data collection by May 2025. Thereafter, we expect to have semi-final research reports from each hospital institution and the finalized clinical trial research reports in relation to the breast lump and pulmonary nodule clinical trials completed in June 2025, whereas on the other hand, the clinical trials for thyroid nodule products have already finalized on July 20, 2020. Around June 2025, we plan to submit our clinical trial results for NMPA and CE certification for our breast lumps and pulmonary nodules product lines, and CE certification for our thyroid nodules product line. If our application is accepted, we expect to obtain the certification for such product line between October 2025 to the mid-year of 2026, based on the average timeline currently observed in the EU. Thereafter, we will seek to launch the breast lump and thyroid nodule lines in the EU. However, there can be no assurance that we will meet any or all of the milestones listed in such timeline, and it is possible that we may never receive the CE Mark in the EU.

Business Combination Agreement

On June 26, 2023, ExcelFin, Betters Medical, Baird Medical, Merger Sub and Tycoon entered into a Business Combination Agreement (the "Business Combination Agreement"). ExcelFin, together with Betters Medical, Baird Medical, Merger Sub and Tycoon are sometimes referred to herein individually as a "Party" and, collectively, as the "Parties."

Pursuant to the Business Combination Agreement, among other things, (1) on August 3, 2023, Betters Medical contributed all of the issued and outstanding shares of Tycoon ("Tycoon Shares") to Baird Medical in exchange for ordinary shares of Baird Medical (the "Ordinary Shares") with a pre-transaction equity value of $300 million (the "Share Contribution"), and upon the consummation of the Share Contribution, Tycoon became a wholly-owned subsidiary of Baird Medical and Betters Medical was issued an additional 29,411,764 Ordinary Shares; and (2) upon the Effective Time, Merger Sub merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of Baird Medical (the "Merger"), as a result of which (a) the issued and outstanding shares of Class A Common Stock and Class B Common Stock of ExcelFin (collectively, the "SPAC Stock") immediately prior to the effective time of the Merger (the "Effective Time") shall be exchanged for Ordinary Shares concurrently with the Merger; and (b) the holders of public warrants to purchase one share of ExcelFin Class A Common Stock (the "Public Warrants") shall receive warrants issued by Baird Medical to acquire an equal number of Ordinary Shares (the "PubCo Warrants").

Following the consummation of the Business Combination on October 1, 2024, ExcelFin is a wholly owned subsidiary of Baird Medical, and Tycoon is a wholly owned subsidiary of Baird Medical. Tycoon holds approximately 99% of the issued and outstanding equity of its underlying operating subsidiaries.

Based on the above business combination, Baird Medical Investment Holdings Limited has become the parent company.

Factors Affecting Our Results of Operations

Legislation May Impact our Business and Operating Results

In China, a number of legislative and regulatory changes and proposed changes regarding medical device industry could prevent or delay regulatory approval of our pipeline products, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any pipeline products for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes in relation to the medical device industry, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue or attain profitability.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be.

In addition, in 2021, China started to initiate centralized procurement pilot programs in an effort to regulate prices of medical devices through Company procurement at the provincial level. Our products were not covered by centralized national procurement as of the date of this prospectus, and we do not expect our products to be covered by the centralized national procurement in the short-to-mid-term. However, it is out of our control as to whether or when the centralized national procurement will cover the types of products that we produce. If our products were covered by the centralized national procurement in the future, the price of our products may decrease, which could harm our profitability, if any increase in sales volume fails to fully compensate for such decrease in price.

Our High Gross Profit Margin May Not Be Sustainable

We cannot assure you that our historical operating results, in particular our high gross profit margin, will be indicative of future performance for various reasons, including uncertainties of the success of our existing and new products, changes in market and the regulatory environment, as well as our ability to manage our sales network and the intensified competition in the microwave ablation medical device market in China. Our profitability for future years may be negatively affected by low-margin sales and competition strategies adopted by our competitors, increasing costs of raw materials and increasing selling and distribution costs arising from the expansion of our sales and distribution network. As a result, our gross profit margin may not be sustainable.

The Discontinuation of Preferential Tax Treatments or Government Incentives

Pursuant to the EIT Law, the EIT rate generally applicable in the PRC has been 25%. However, Nanjing Changcheng and Baide Suzhou, our principal operating subsidiaries, have been accredited as a High and New Technology Enterprise under the relevant PRC laws and regulations since 2020 and 2021 respectively. Accordingly, Nanjing Changcheng and Baide Suzhou were entitled to a preferential tax treatment of 15% for the fiscal years ended December 31, 2022 and 2023.

Moreover, according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, for enterprises engaging in R&D activities, the Super Deduction ratio is 75% from January 1, 2018 to September 30, 2022. From October 1, 2022 onwards, the Super Deduction ratio is 100%. In addition, the Super Deduction ratio for outsourced R&D expenses is 80%. Two PRC subsidiaries of Pubco have claimed

such Super Deduction in ascertaining its tax assessable profits in the fiscal years ended December 31, 2022 and 2023. If we fail to maintain or renew the High and New Technology Enterprise accreditation or if any of the preferential tax treatments or government grants discontinue or reduce, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Untimely or Unsuccessful Product Registration Testing or Clinical Trials May Impact our Business and Operating Results

We have five types of pipeline products. In order to obtain the registration certificates for Class III medical devices, such pipeline products are required to go through product registration testing to demonstrate their safety and effectiveness. Such testing is conducted by third party testing institutions recognized by the NMPA. The product registration testing schedule of these testing institutions is beyond our control, and e cannot provide assurance that our pipeline products will pass these tests in a timely manner, or at all.

Furthermore, success in testing procedures does not guarantee success in clinical trials. Negative or inconclusive results or safety issues associated with its pipeline products could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials, or could result in the delay or denial of regulatory approvals from the NMPA, all of which may have a significant impact on our business and operating results.

For further discussion on the potential risks involved with completion of our product registration testing or clinical trials, see "Risk Factors — Risks Related to our Business and Industry — We may not be able to successfully complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all."

COVID-19

The outbreak of respiratory illness caused by a novel coronavirus (COVID-19) and the economy slowdown and/or negative business sentiment which followed the outbreak have had a negative impact on the industry, and our business operations and financial condition have been and may continue to be adversely affected. The COVID-19 pandemic in China and the government measures in response have also resulted in temporary closure of many corporate offices, manufacturing facilities and factories across China. We imposed work-from-home policy and continued liaising with our customers and suppliers.

Since around December 2022, the PRC government has lifted most the COVID-19 restrictions. Significant numbers of our employees were infected by the COVID-19 in the following months. However, as of the date of prospectus, all the infected employees had recovered and our business had returned to normal operations.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our business, financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative and would depend on numerous factors. The extent and severity of these natural disasters determines their effect on a given economy. Although the long-term effect of diseases such as the COVID-19 pandemic, H5N1 "avian flu", or H1N1, the swine flu, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in our market could adversely affect our business, financial condition and results of operations, and timely reporting obligations under Regulation S-X and Regulation S-K following our business combination. We cannot assure you that natural disasters will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

Acquisitions and Investments

Investment in Ruikede Biological Technology (Xiamen) Company Limited ("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. Wang Jing is a substantial shareholder of Ruikede Xiamen as 20% of the equity interest in Ruikede Xiamen was 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 US$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 US$0.5 million.

Results of Operations

Results of Operations for Continuing Operations

The following table sets forth a summary of our consolidated statements of operations for the periods indicated.

	For the years ended December 31,		Six months ended June 30,	
	2023	2022	2024	2023
Revenues	$ 31,457,908	$ 35,091,174	13,136,588	11,546,247
Cost of revenues	(4,227,409)	(7,054,323)	(1,645,559)	(2,042,987)
Gross profit	27,230,499	28,036,851	11,491,029	9,503,260
Operating expenses:				
Selling and marketing expenses	(2,547,000)	(3,585,138)	(1,168,576)	(1,649,196)
General and administrative expenses	(8,546,880)	(6,960,604)	(3,205,845)	(2,574,016)
Research and development expenses	(4,274,894)	(3,859,392)	(2,027,439)	(2,286,672)
Total operating expenses	(15,368,774)	(14,405,134)	(6,401,860)	(6,509,884)
Income from operations	11,861,725	13,631,717	5,089,169	2,993,376
Interest expense	(285,833)	(299,269)	(238,919)	(83,436)
Interest income	1,562	8,553	264	1,045
Subsidy income	791,959	1,375,447	265	24,435
Other expenses, net	(10,211)	(194,580)	5,627	1,516
Income before income tax	12,359,202	14,521,868	4,856,406	2,936,936
Income tax provision	(1,701,019)	(1,746,897)	(481,279)	(581,924)
Net income	$ 10,658,183	$ 12,774,971	4,375,127	2,355,012
Other comprehensive loss, net of tax				
Foreign currency translation adjustment	$ (728,688)	$ (1,506,905)	(828,730)	(1,319,586)
Comprehensive income	$ 9,929,495	$ 11,268,066	3,546,397	1,035,426
Net income attributable to controlling shareholders	$ 10,545,978	$ 12,568,750	3,501,537	1,010,773
Basic and diluted earnings per common share	0.36	0.43	0.15	0.08

For the Years Ended December 31, 2023 and 2022

Revenues

We principally derived our revenue from the following sources:

- *Sales of MWA medical devices*, including the sales of (i) our proprietary MWA needles and (ii) our proprietary MWA therapeutic apparatus that were designed, developed and manufactured by us; and
- *Sales of other medical devices*, including the trading of other medical devices, such as catheters, ventilators, operation tables, medical gloves, syringe and other large medical machines and system.

We follow 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. We have one reporting segment. Our chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing our performance.

All revenues are derived from China based on the geographical locations where products sold to customers. In addition, our 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 years ended December 31,	
	2023	2022
Distributors[3]	$14,995,701	$13,499,170
Direct customers[1][2]	16,462,207	21,592,004
Total	$31,457,908	$35,091,174

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

(2) Our revenue from direct customers decreased from US$21.6 million in 2022 to US$16.5 million in 2023, resulting in a net decrease of US$5.1 million. Changes in sales prices caused the revenue to decrease by US$1.1 million, while changes in the volume of products sold caused the revenue to decrease by US$4.0 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.

(3) Our revenue from distributors increased from US$13.5 million in 2022 to US$15.0 million in 2023, resulting in a net increase of US$1.5 million. Changes in sales prices caused the revenue to increase by US$4.7 million, while changes in the volume of products sold caused the revenue to decrease by US$3.2 million. With respect to the sales of MWA needles, revenue decreased due to a decrease in the quantity of sales. This occurred because the quantity of needles sold in 2022 had increased as a result of the Class II to Class III certificate upgrade which occurred during that year, and such increase was not sustained in 2023. 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 increase in revenue from sales of microwave therapeutic apparatuses outweighed the decrease in revenue from sales of MWA needles, resulting in an overall increase in revenue.

The following table presents our revenues by product lines.

	For the Year Ended December 31,					
	2023		2022			
	Revenue	%	Revenue	%	Variance	Variance %
Sales of MWA devices	$30,940,383	98%	$31,283,234	89%	$ (342,851)	(1)%
– MWA needles	26,278,169	84%	30,551,145	87%	(4,272,976)	(14)%
– MWA therapeutic apparatus	4,662,214	14%	732,089	2%	3,930,125	537%
Sales of other medical devices	517,525	2%	3,807,940	11%	(3,290,415)	(86)%
Total	**$31,457,908**	**100.0%**	**$35,091,174**	**100.0%**	**$(3,633,266)**	**(10.4)%**

Our total revenues decreased by US$3.6 million, or 10.4%, from US$35.1 million in 2022 to US$31.5 million in 2023. The overall decrease in our revenues was due to the decline of sales of MWA needles and other medical devices.

In 2023, revenue generated from the sales of our proprietary MWA needles decreased by US$4.3 million to US$26.3 million from US$30.6 million in 2022. The overall change in revenue is not significant, and the

unit price of needles remains the same as last year. The decrease in revenue from needles in 2023 was primarily due to a decrease in the number of sales. Customer demand for purchases declined in 2023.

In 2023, revenue of our proprietary MWA therapeutic apparatus experienced a significant increase of 537%. This notable surge in revenue was primarily attributed to the strategic adjustment in unit prices and the increase in sales orders. Previously, in 2022, as part of our vigorous equipment promotion efforts, the Company sold those MWA therapeutic apparatuses at discounted prices. However, as clients sought additional equipment beyond our offerings, the company transitioned away from the previously discounted prices. The transition away from the previously discounted prices resulted in increased revenue from distributors. Additionally, the acquisition of Class III medical device certificate further bolstered our standing within the market. Notably, given the scarcity of manufacturers holding such certifications, this allowed for a justifiable adjustment in products pricing.

In 2023, revenue of other medical devices decreased by US$3.3 million to US$0.5 million from US$3.8 million. It's important to note that medical devices do not fall within the core focus of the Company's operations. Consequently, their sales tend to exhibit significant variability. The Company has sales transaction from selling other medical equipment in 2022, and no further this type of equipment sales occurred in 2023, resulting in a decline in revenue from sales of other medical devices accordingly. In 2022, we opportunistically secured project orders for these devices, contributing to a surge in sales. However, in 2023, the volume of such orders diminished notably. This reduction can be attributed to the inherent unpredictability associated with this product category. While the decline in sales of other medical devices impacted our overall revenue dynamics for the year, it's imperative to recognize that our primary focus remains on the MWA needles and MWA therapeutic apparatus segment, where we witnessed substantial growth and strategic adjustments in pricing policies.

As we move forward, maintaining a diversified portfolio and agile response to market dynamics will be essential in navigating fluctuations in sales across different product categories. Our commitment to innovation and adaptability positions us well to capitalize on emerging opportunities and sustain long-term growth.

These developments reflect our commitment to providing high-quality products and catering to the evolving needs of our clientele. Moving forward, we anticipate further leveraging our market position and product excellence to sustain growth and meet the demands of the industry.

Cost of revenues

Our cost of revenues mainly consisted of (1) costs of other medical devices; (2) direct material costs for our proprietary MWA medical devices; (3) direct staff costs; (4) production overheads; and (5) distribution costs. Cost of revenues in 2023 showed a decrease of US$2.8 million as compared to 2022. In 2022, the Company sold some trading products, which had high costs and consequently increased the overall costs for the year. Additionally, the cost reduction in 2023 was due to the overall decline in revenue.

Gross profit and gross margin

As a result of the changes in our revenues and cost of revenues described above, our gross profit decreased by US$0.8 million to US$27.2 million in 2023 from US$28.0 million in 2022. In order to further cater to customer needs, we added two wires to the original MWA needles' configuration, which increased costs and led to a decrease in gross profit. In addition, the high-gross-profit trading revenue of other medical devices in 2022 decreased in 2023, which also led to a decline in profits. As a result, the higher costs incurred in 2022 were predominantly due to this particular aspect of our operations. In contrast, the cost structure in 2023 aligns more closely with the realities of our core business operations. With the decrease in sales of other medical devices, which typically have lower profit margins, the overall cost profile reflected a more accurate representation of our business activities.

Selling and marketing expenses

Selling and marketing expenses primarily consisted of meeting expenses, salary cost relating to our sales and marketing personnel, and also included entertainment, travelling and other expenses relating to our marketing activities.

Selling and marketing expenses decreased by US$1.0 million to US$2.5 million in 2023 from $3.6 million in the fiscal year 2022. The decrease is attributed to our strategy of gradually shifting from direct sales to customers to sales to distributors, resulting in a decrease in the number of in-house sales and marketing department staff from 79 members to 32 members as of December 31, 2023 and therefore a decrease in sales staff expenses in 2023. Accordingly, as a percentage of sales, our selling expenses were 8.1% and 10.2% of revenues in 2023 and 2022, respectively. To establish a presence in the U.S. market, the Company anticipates incurring costs in connection with establishing a direct sales team in the United States, attending trade conferences, providing high-quality doctor education and support, and setting up microwave ablation training centers in the United States with leading doctors and medical centers. These increased expenses related to U.S. market development, during the early stages of the Company's US market building, are expected to be incurred in 2024 rather than in 2023, In addition, if the Company secures FDA registration in the United States, U.S. sales operations are expected to steadily advance, and we anticipate that development of the U.S. market in 2024 will increase certain sales expenses. Hence we expect the selling and marketing expenses will increase in amount in 2024, however, due to the operational efficiency, these expenses as a percentage of our revenue will gradually decrease.

Research and development ("R&D") expenses

R&D expenses primarily consisted of CRO and other R&D service fee and depreciation expense related to equipment used for research and development, compensation and benefit expenses relating to our research and development personnel as well as office overhead and other expenses relating to our R&D activities. Our R&D expenses were US$4.3 million in 2023, which increased by US$0.4 million compared to US$3.9 million in 2022, representing 13.6% and 11.0% of our total revenues in 2023 and 2022, respectively. The increase in R&D expenses was mainly due to increased FDA certification fees, CE Marking fee, Endoscopic Ultrasound System and R&D expenditures on AI ablation systems and equipment.

General and administrative expenses

General and administrative expenses primarily consisted of salary and compensation expenses relating to our finance, legal, human resources and executive office personnel, and included rental expenses, depreciation and amortization expenses, office overhead, professional service fees and travel and transportation costs.

General and administrative expenses increased from US$7.0 million in 2022 to US$8.5 million in 2023, which is mainly due to the increase of allowance for expected credit losses on accounts receivable, from US$0.4 million in 2022 to US$2.2 million in 2023.

Subsidy income

Subsidy income primarily included government subsidies which represented amounts granted by local government authorities as a general incentive for us to promote development of the local technology industry. Er record government subsidies in subsidy income upon received and when there is no further performance obligation. Total subsidy income amounted to US$1.4 million and US$0.8 million in 2022 and 2023, respectively.

Income before income tax

Income before income tax decreased by US$2.1 million to US$12.4 million in 2023 from US$14.5 million in 2022.

Income tax provision

Our provision for income tax in 2023 decreased by US$0.05 million compared to 2022. Provision for income taxes decreased due to more deductible R&D expenditure and less income before income tax.

Net income

Net income decreased by US$2.1 million to US$10.7 million in 2023 from US$12.8 million in 2022.

Other comprehensive income or loss

Foreign currency translation adjustments amounted to a loss of US$0.7 million and a loss of US$1.5 million in 2023 and 2022, respectively. The balance sheet amounts with the exception of equity as of December 31, 2023 were translated at RMB7.0999 to US$1.00 as compared to RMB6.8972 to US$1.00 as of December 31, 2022. The equity accounts were stated at their historical rate. The average translation rates applied to the income statements accounts in 2023 and 2022 were RMB7.0809 to US$1.00 and RMB6.7290 to $1.00, respectively. The change in the value of the RMB relative to the U.S. dollar may affect our financial results reported in the U.S., dollar terms without giving effect to any underlying change in our business or results of operation.

For the Six Months Ended June 30, 2024 and 2023

Revenues

	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	$13,136,588	$11,546,247

Our revenue from direct customers decreased from US$7.6 million during the six months ended June 30, 2023 to US$5.3 million for the six months ended June 30, 2024, resulting in a net decrease of US$2.3 million. Changes in sales prices caused the revenue to increase by US$0.09 million, while changes in the volume of products sold caused the revenue to decrease by US$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.

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

	For the Six Months Ended June 30,					
	2024		2023			
	Revenue	%	Revenue	%	Variance	Variance %
Sales of MWA devices	$13,128,315	100%	$11,019,358	95%	$2,108,957	19%
– MWA needles	11,671,518	89%	10,762,402	93%	909,116	8%
– MWA therapeutic apparatus	1,456,797	11%	256,956	2%	1,199,841	467%
Sales of other medical devices	8,273	0%	526,889	5%	(518,616)	(98)%
Total	**$13,136,588**	**100%**	**$11,546,247**	**100%**	**$1,590,341**	**14%**

Our total revenues increased by US$1.6 million, or 14%, from US$11.5 million for the six months ended June 30, 2023 to US$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.

Cost of revenues

Our cost of revenues decreased from US$2.0 million for the six months ended June 30, 2023 to US$1,6 million for the six months ended June 30, 2024, primarily because we sold certain trading products in the first half of 2023, which had higher costs and, therefore, increased the overall cost of revenues for the period.

Gross profit and gross margin

Our gross profits also increased by US$2.0 million from US$9.5 million for the six months ended June 30, 2023 to US$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.

Selling and marketing expenses

Selling and marketing expenses decreased from US$1.6 million for the six months ended June 30, 2023 to US$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.

Research and development ("R&D") expenses

Our research and development expenses decreased by US$0.3 million from US$2.3 million for the six months ended June 30, 2023 to US$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

General and administrative expenses increased from US$2.6 million for the six months ended June 30, 2023 to US$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.

Subsidy income

Subsidy income primarily included government subsidies which represented amounts granted by local government authorities as a general incentive for us to promote development of the local technology industry. Er record government subsidies in subsidy income upon received and when there is no further performance obligation. Total subsidy income amounted to US$24,435 and US$265 in the six months ended June 30, 2023 and 2024, respectively.

Income before income tax

As a result of the foregoing, income before income tax increased from US$2.9 million in the six months ended June 30, 2023 to US$4.9 million in the six months ended June 30, 2024.

Income tax provision

Our provision for income tax in 2023 was US$0.5 million and US$0.6 million for the six months ended June 30, 2024 and 2023, respectively.

Net income

As a result of the foregoing, net income increased from US$2.4 million in the six months ended June 30, 2023 to US$4.4 million in the six months ended June 30, 2024.

Other comprehensive income or loss

Foreign currency translation adjustments amounted to a loss of US$0.8 million and a loss of US$1.3 million for the six months ended June 30, 2024 and 2023, respectively. The balance sheet amounts with the exception of equity as of June 30, 2024 were translated at RMB7.2672 to US$1.00 as compared to RMB7.0999 to US$1.00 as of December 31, 2023. The equity accounts were stated at their historical rate. The average translation rates applied to the income statements accounts for the six months ended June 30, 2024 and 2023 were RMB7.2150 to US$1.00 and RMB6.9300 to $1.00, respectively. The change in the value of the RMB relative to the U.S. dollar may affect our financial results reported in the U.S., dollar terms without giving effect to any underlying change in our business or results of operation.

The aging of accounts receivable

The Company's accounts receivable consisted 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, $34.0 million and $25.0 million as of June 30, 2024, December 31, 2023 and December 31, 2022, respectively. against which write-off of accounts receivable of $0.2 million, $0.2 million and $0.2 million were made as of June 30, 2024, December 31, 2023 and December 31, 2022, and an allowance for expected credit losses of $2.8 million, $2.8 million and $0.6 million was made as of June 30, 2024, December 31, 2023 and December 31, 2022. The increase in provision for current expected credit loss 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 aging of accounts receivable based on the number of days between the dates the receivables were initially recognized and June 30, 2024, December 31, 2023 and December 31, 2022 are as follows:

	As of		
	June 30, 2024	December 31, 2023	December 31, 2022
Within 90 days	$ 8,387,214	$13,283,215	$14,262,016
Between 3 and 6 months	4,288,997	9,751,685	4,910,005
Between 6 months and a year	18,509,507	7,426,788	5,306,907
Over a year	6,093,165	3,479,395	537,381
	$37,278,883	$33,941,083	$25,016,309

The aging of accounts receivable based on the number of days between the dates the receivables were initially recognized and December 31, 2023 and June 30, 2024 for distributors and direct customers are as follows:

	As of December 31, 2023		
	Distributors	Direct Customers	Total
Within 90 days	$ 8,222,863	$ 5,060,352	$13,283,215
Between 3 and 6 months	3,891,659	5,860,026	9,751,685
Between 6 months and a year	2,587,875	4,838,913	7,426,788
Over a year	709,614	2,769,781	3,479,395
Total	$15,412,011	$18,529,072	$33,941,083

	As of June 30, 2024		
	Distributors	Direct Customers	Total
Within 90 days	$ 4,550,179	$ 3,837,035	$ 8,387,214
Between 3 and 6 months	2,936,742	1,352,255	4,288,997
Between 6 months and a year	10,212,691	8,296,816	18,509,507
Over a year	1,008,539	5,084,626	6,093,165
Total	$18,708,151	$18,570,732	$37,278,883

As of December 31, 2022, the turnover days of accounts receivable was 187 days, while the turnover days of accounts receivable as of December 31, 2023 was 337 days. The accounts receivable turnover days were calculated using the following formula:

average accounts receivable × 360 days ÷ sales revenue = turnover days of accounts receivable
average accounts receivable = (opening accounts receivable balance + closing accounts receivable balance) / 2

The gross accounts receivable balance due from distributors increased by 40% as of December 31, 2023, which was mainly due to the increased revenue in 2023, and 5% of the gross accounts receivable due from distributors are attributable to the revenue recognized in 2022 as the payment of these accounts receivable was delayed due to external factors such as the COVID-19 pandemic. For the year ended December 31, 2022, revenue from distributors was US$13.5 million and revenue from direct customers was US$21.6 million. Revenue from distributors increased by 11% in 2023 compared to 2022, while revenue from direct customers decreased by 24% in 2023 compared to 2022, resulting in an overall 10% decrease in total revenue in 2023.The gross accounts receivable balance due from direct customers increased by 32% as of December 31, 2023, though the revenue decreased by 24% in 2023, as there was a delay in the collection of accounts receivable and an additional 15% of the gross accounts receivable due from direct customers is attributable to the revenue recognized in 2022 as the payment of these accounts receivables was also delayed due to external factors such as the COVID-19 pandemic. The percentage of revenue in 2023 derived from distributors and direct customers was 48% and 52%, respectively. Based on the increased revenue from distributors and delayed payment of accounts receivable in 2023, the overall gross accounts receivable increased by 36%, while the net accounts receivable increased by 28% considering allowance of credit losses. Further, the Company respectfully notes that the amounts due as of December 31, 2022 from the two publicly listed companies have been paid in full and are no longer outstanding as of the date hereof.

The aging of the above tables is different with the aging disclosed in Note 4 to our audited consolidated financial statements. The aging analysis in Note 4 is calculated from the expiration date of the customer's credit terms. The Company's trade debtors are contractually entitled to a credit period of 30 to 90 days. Notwithstanding Section 6.2 of our form of distribution agreement, which provides that products are not shipped to distributors until after the Company has received payment, in practice we grant an extended credit period to a majority of our customers pursuant to supplemental agreements with our distributors. This extended credit period varies by customer and the specific circumstances, but in some cases the payment may be delayed if requested by customers up to 365 days or more, depending on the longevity of the relationship, the history of default records and our future prospects with the customers. We review each request from our customers for a credit period extension on a case-by-case basis, and only approves such extension if it is in the best interests of us. In 2023, we received payments of approximately US$4.5 million from our customers for revenue generated in 2023. We have not historically charged and collected any substantial late payment fees from our customers in order to maintain positive working relationships with our customers given there were little to no history of default. Nonetheless, we reserve the right at all times to demand payment from our customers upon the expiration of the contractually stipulated credit period. Distributors will usually arrange for payment according to our payment terms and their own commercial or financial circumstances. Rather, the necessity for longer credit periods, at least for a number of our customers, is the result of extended internal payment approval processes and delays caused as a result of external factors such as the COVID-19 pandemic. The COVID-19 pandemic resulted in a weakened economic environment which had a negative impact on us and our customers, as well as end customers, i.e., the hospitals, whose financial status were negatively impacted by COVID-19 in various degrees as a result of fewer surgeries being performed and fewer clinic visits made by patients. Additionally, hospitals incurred expenses for complimentary COVID-19 tests, especially during local outbreaks, and made payments to COVID-19 test and lab providers. In addition to the impact on hospitals, employees at our distributors were unable to commute to work, which resulted in employee shortages at our distributors. These factors weakened the financial status of the distributors, and such impacts lasted after China lifted its full scale COVID-19 lock-downs in the first half of 2023. Specifically, hospitals strictly controlled their expenditures, leading to slower repayment by hospitals. This resulted in the payment cycle for a number of our distributors being extended, causing slower capital turnover for our distributors. These effects of the COVID-19 pandemic and impact on the financial status of our hospitals and distributors lingered beyond January of 2023 when China started to lift its full-scale COVID-19 shutdown and high-frequency testing requirements. In addition, our management observed that surgeries and clinical visits increased throughout the remainder of 2023. We have collected all the outstanding accounts receivable from our customers from 2022, when China was in full-scale COVID-19 shutdown with requirements for frequent COVID-19 testing that significantly decreased the number of surgeries and clinical visits to hospitals. Our management also recognized that a large majority of the hospitals, as direct or indirect customers of us, were sponsored by the Chinese government, and therefore needed time to recover their financial status after the unprecedented pandemic and control measures implemented in China from 2020 to 2022. See "— Results of Operations — Operating Activities" for further discussion of such arrangements. However, we reserve the

right to demand payment from our customers upon the expiration of the credit period as stipulated under the relevant contract. If account receivable of a customer is not yet aged beyond the credit period, the aging of the receivable will be classified as not overdue on aging analysis in Note 4.

As of June 30, 2024, the turnover days of accounts receivable was 487 days. The accounts receivable turnover days were calculated using the following formula:

average accounts receivable × 180 days ÷ half year sales revenue = turnover days of accounts receivable
average accounts receivable = (opening accounts receivable balance + closing accounts receivable balance) / 2

Related party loans transaction

In prior periods, Ms. Wu, our founder, chief executive officer and chairperson of the board of directors, would from time to time enter into loan arrangements from, and/or in favor of, we or one or more of its subsidiaries, such as the loans underlying the amounts due from Ms. Wu, which are included in the amounts due from related parties in the balance sheet. As of the date of this proxy statement, the US$0.4 million of amount due from Ms. Wu as of December 31, 2023 was fully settled.

Liquidity and Capital Resources

As of December 31, 2023, we had cash of approximately US$1.5 million. As of December 31, 2023, our current assets were approximately US$40.1 million, and our current liabilities were approximately US$19.0 million. Total shareholders' equity as of December 31, 2023 was approximately US$35.7 million. As of June 30, 2024, our current assets were approximately US$47.0 million, and our current liabilities were approximately US$22.4 million. Total shareholders' equity as of June 30, 2024 was approximately US$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 US$1,504,378 and US$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 US$1,496,781 and US$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. We plan to fund working capital through its operations, bank borrowings and global offerings. The operating cash flow in 2023 is negative US$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 R&D expenses paid 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

Operating Activities

Net cash used in operating activities was approximately US$4.0 million for the six months ended June 30, 2024 and provided by operating activities was approximately US$0.6 million for the six months ended June 30, 2023, respectively. Net cash used in operating activities for the six months ended June 30, 2024, including net income of US$4.4 million, adjusted for non-cash items of US$0.8 million and negative adjustments for changes in operating assets and liabilities of US$9.2 million. To be specific, the adjustments for changes in operating assets and liabilities mainly included an increase in accounts receivable of US$4.1 million, an increase in prepayments of US$4.0 million, a decrease in tax payables of US$0.5 million and a decrease in lease liabilities of US$0.3 million. Net cash provided by operating activities for the six months ended June 30, 2023, including net income of US$2.4 million, adjusted for non-cash items of US$1.1 million and negative adjustments for changes in operating assets and liabilities of US$2.9 million. To be specific, the adjustments for changes in operating assets and liabilities mainly included an increase in accounts receivable of US$9,902, an increase in prepayments of US$2.5 million, a decrease in tax payables of US$1.3 million and a decrease in lease liabilities of US$0.2 million, and an increase in accrued expenses and other payables of US$1.2 million.

Net cash used in operating activities was US$1.0 million in 2023, including net income of US$10.7 million. And net cash provided by operating activities was US$0.5 million in 2022, including net income of US$12.8 million. In 2023, the adjustments for changes in operating assets and liabilities mainly included an increase in accounts receivable of US$9.7 million. In 2023 and 2022, an increase in prepayments of US$5.3 million and an increase in prepayments of US$3.6 million, respectively, an decrease in inventories of US$0.1 million and an decrease inventories of US$1.6 million, respectively, a decrease in taxes payable of US$1.0 million and an increase in tax payable of US$1.1 million and for the two respective fiscal years, an increase in accrued expenses and other payables of US$1.2 million and US$1.3 million, respectively, and an decrease of tax receivables of nil in 2023 and a decrease in tax receivables of US$0.7 million for 2022, and a decrease in lease liabilities of US$0.3 million and an increase of lease liabilities US$0.4 million in 2023 and 2022, respectively.

The large increase in accounts receivable in 2023 was mainly due to external factors such as the COVID-19 pandemic, which caused the payment approval process of a number of our customers to become longer. Although the COVID-19 pandemic now has less of a direct impact on us and our distributors, the long-term effect on the payment approval processes of our customers continues. During this period, our sales team has maintained continuous communication with each of these customers on a monthly basis to closely monitor both the willingness and ability of these customers to repay us. The majority of these customers who have yet to repay our accounts receivables are public listed companies in China, medical device companies with good reputation, as well as hospitals, which we believe are customers which have good financial credibility. To our knowledge, the majority of such aforementioned customers have the financial ability to pay us and are willing to do so notwithstanding the extended payment approval process, and none of these customers have any recent history of default. While the payment approval cycle of certain of our customers were extended, which results in the slowdown of their repayment of us, we believe such customers would gradually and eventually repay us.

To reflect such risks accordingly, we had increased its absolute amount and proportion in both collective assessments and individual assessments of accounts receivable allowance from US$0.6 million as of December 31, 2022 to US$2.8 million as of December 31, 2023. We believe we have accrued an adequate allowance pursuant to such increased amount, for more information about accounts receivable allowance, see "Expected credit losses" and "NOTE 4 — ACCOUNTS RECEIVABLE, NET" to our audited consolidated financial statements. Further, the net carrying value of accounts receivables as of December 31, 2023 is US$31.1 million, which we consider to be a reasonable approximation of the fair value.

As of the date hereof, the balance of accounts receivables as of December 31, 2023 which has been collected was US$13.2 million, accounting for approximately 39.0% of such accounts receivables. As of the date hereof, we are still receiving payments from such customers gradually and we are not aware of any information which would otherwise indicate these customers are no longer willing or able to pay us.

Investing Activities

Net cash used in investing activities was approximately US$0.5 million for the six months ended June 30, 2024 and US$1.3 million for the six months ended June 30, 2023, primarily due to purchase of property, plant and equipment.

Net cash used in investing activities was approximately US$2.6 million, US$5.9 million in 2023 and 2022, primarily due to purchase of property and equipment.

Financing Activities

Net cash provided by financing activities was approximately US$4.5 million for the six months ended June 30, 2024 and net cash used in financing activities was US$0.6 million for the six months ended June 30, 2023. We had withdrawal of bank loans of approximately US$8.5 million and US$3.6 million, respectively and repayments of bank loans of approximately US$3.5 million and US$2.9 million and a temporary fund advance to shareholders of US$8,433 and US$1.3 million, respectively during the six months ended June 30, 2024 and 2023. In addition, we had repayment of long-term loan of approximately US$0.4 million and payment of listing cost of approximately US$0.1 million the six months ended June 30, 2024. As of June 30, 2024, the net carrying value of accounts receivable used as collateral for such bank loans in favor of CITIC was US$4.4 million, as reflected in the Company's condensed consolidated balance sheets collateralized. The amount outstanding under the loans as of June 30, 2024 was US$2.8 million, with annual interest rates of either 3.95% or 4.15%, depending on the particular interest rate of such secured loan. The accrued interest on the loans was US$0.03 million for the six months ended June 30, 2024. These bank loans were repaid according to CITIC's payment schedule.

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.

Net cash provided by financing activities was approximately US$3.5 million in 2023. During the fiscal year 2023, we had withdrawal of bank loans of approximately US$9.6 million, and repayments of bank loans of approximately US$7.5 million, and proceeds from long-term loan of approximately US$2.5 million and repayment of long-term loan of approximately US$0.2 million, and due from related parties of approximately US$0.05 million, and advance from a related party of approximately US$0.2 million, and payment of listing cost of US$0.9 million. On December 29, 2023, er entered into a supplemental agreement with China CITIC Bank Suzhou Branch ("CITIC ") pursuant to which the Company collateralized US$4.4 million of our accounts receivable to secure all loans entered into, or which may be entered into, before December 29, 2024, pursuant to loan agreements between us or our 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, we may use the cash received from the collection of accounts receivable without any restrictions. If we default on the repayment of such loans, we must transfer the accounts receivable it receives to a designated bank account of CITIC, which account CITIC is authorized to supervise, and we are not required to assign the rights to receive such accounts receivable to CITIC. CITIC is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans.

As of December 31, 2023, the value of accounts receivable used as collateral for such bank loans in favor of CITIC was US$4.4 million, as reflected in our consolidated balance sheets, and no such collateralized accounts receivable were collected, thus no restricted cash was identified as of December 31, 2023. The amount outstanding under the loans as of December 31, 2023 was US$2.8 million, with annual interest rates of either 3.95% or 4.15%, depending on the particular interest rate of such secured loan. The accrued interest on the loans was US$0.02 million in 2023. These bank loans were repaid according to CITIC's 2024 repayment schedule.

The collateralized accounts receivable are not permitted to be sold, transferred or refinanced without CITIC's written consent, and as such there is no applicable fair value to be disclosed under ASC-860-30-50.

Net cash provided by financing activities was approximately US$4.4 million in 2022. During 2022, we had withdrawal of bank loans of approximately US$9.1 million, and repayments of bank loans of approximately US$4.6 million, and advanced from shareholders of approximately US$0.3 million, and repayments to shareholders of approximately US$0.3 million.

Capital Expenditure

We incurred capital expenditure of US$2.6 million and US$6.0 million in the fiscal year 2023 and 2022, respectively, and US$0.9 million and US$1.3 million for the six months ended June 30, 2024 and 2023, respectively, primarily in connection with the construction of R&D laboratory, purchase of R&D equipment and leasehold improvement. We intend to fund our future capital expenditure through our existing cash balance, bank borrowings, proceeds from the Business Combination and other financing alternatives. We will continue to incur capital expenditure to support the growth of our business.

Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of June 30, 2024:

	Payment Due by Period		
	Total	Less than 1 Year	1 – 3 Years
Bank loans	$12,934,400	$12,934,400	$ —
Long term loan	2,209,765	982,112	1,227,653
Lease payment	619,464	417,903	201,561
Total	$15,763,629	$14,334,415	$1,429,214

Quantitative and Qualitative Disclosures about Market Risks

We are also exposed to liquidity risk which is risk that we are unable to provide sufficient capital resources and liquidity to meet its commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, we will turn to other financial institutions and the shareholders to obtain short-term funding to meet the liquidity shortage.

Inflation risk

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index in 2023 and 2022 were increases of 0.2% and 2%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in the PRC. For example, certain operating costs and expenses, such as employee compensation and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

Credit Risk

Our exposure to credit risk primarily arises from cash and cash equivalents and accounts receivables.

Financial instruments that potentially subject us to the concentration of credit risk consist of cash and cash equivalents and accounts receivables. As of December 31, 2022 and 2023, our cash and cash equivalents were typically unsecured and concentrated in a few major financial institutions located in China, which we believe are of high credit quality. We continually monitors the creditworthiness of these financial institutions.

Accounts receivables are typically unsecured and arise primarily from revenue earned from our sales. We manage the related credit risks by continuously monitoring and evaluating the creditworthiness of our customers on a regular basis, and closely monitoring the outstanding balances of receivables due from them.

For further discussion on the existing balance of our accounts receivables, please refer to the section titled "— Results of Operations — Operating Activities".

Interest rate risk

Our exposure to interest rate risk primarily relates to the interest rate that our deposited cash can earn. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates. An increase, however, may raise the cost of any debt we incur in the future.

Foreign currency translation and transaction

Substantially all of our operating activities and our assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China ("PBOC") or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Critical Accounting Policies and Estimates

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; (ii) current expected credit losses; and (iii) income taxes. See Note 2 — Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies.

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.

Expected credit losses

In 2022 and the first half of 2023, we 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"). We have identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider 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 our receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on our specific facts and circumstances. We use roll rate method to calculate average expected loss rate under pool basis. We consider the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

In 2023, we still used an individual basis and pool basis to assess credit losses. When reassessing our methodology for calculating expected credit losses for customers sharing similar risk characteristics, we 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, we 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 our 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%

We made provisions if customers have no new transactions with us 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. We also do 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.

In 2022, we maintain 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 consider 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.

In 2023, we still used an individual basis and pool basis to assess credit losses. When reassessing our methodology for calculating expected credit losses for customers sharing similar risk characteristics, we 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, we 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.

In 2023, allowance for credit losses were provided if customers have no new transactions with us 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

We make 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 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 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 US$7.6 million and US$3.5 million, respectively. As of June 30, 2024, prepaid research and development was US$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.

Change in Accounting Estimates

Expected credit losses

In 2022, we 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"). We have

identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider 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 our receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on our specific facts and circumstances. We use roll rate method to calculate average expected loss rate under pool basis. We consider the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

In 2023, we still used an individual basis and pool basis to assess credit losses. When reassessing our methodology for calculating expected credit losses for customers sharing similar risk characteristics, we 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, we evaluated both internally generated data and reasonably accessible external data. The change was driven by

- 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 period 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
Accounts receivable	$ 1,991,596	$31,949,487	$33,941,083
Less: allowance for credit losses	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	—	$31,099,891	$31,099,891
Allowance Ratio	100%	2.7%	8.4%

In, 2023, allowance for credit losses were provided if customers either had no new transactions with us for more than six months and had no subsequent collection during January 1, 2024 to April 30, 2024, or if they had accounts receivable with a long aging period over one year and had no subsequent collection during the period from 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.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus. The business address our directors and executive officers is Room 202, 2/F, Baide Building, Building 11, No.15, Rongtong Street, Yuexiu District, Guangzhou, People's Republic of China.

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
Michael Mingzhao Xing	60	Director
Lijian Xu	60	Director
Gabrielle Bilciu-Wolfson	62	Director
Executive Officers		
Rongjian Lu	58	Chief Technical Officer and Deputy General Manager
Jie Li	37	Acting 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 — REZI). 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. Michael Mingzhao Xing 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 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, Fenghwa 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 Chief Technical Officer and Deputy General Manager of the Company, 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.

Ms. Jie Li is the acting Chief Financial Officer of the Company. Ms. Li has served as the Company's reporting director since May 2024. Prior to joining the Company, Ms. Li gained extensive experience from "Big Four" PRC-based accounting firms from 2010 to 2017 and had served as an audit manager since 2015. After that, Ms Li had more than five-year working experience in U.S. listed companies where she was in charge of the public companies' overall financial reporting and internal control over financial reporting. Ms. Li received a bachelor's degree in management accounting from Capital University of Economics and Business in 2010. Ms. Li has been a member of the Chinese Institute of Certified Public Accountants since 2019 and obtained the qualification of Association of Chartered Certified Accountants in 2015.

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.

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in us by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with us is required to declare the nature of his interest at a meeting of our directors.

A general notice by any director to the effect that (a) he is a member or officer of any 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 a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or arrangement in which he has an interest.

After such general notice, subject to any separate requirement for approval by the audit committee of the board of directors under applicable law or the rules and regulations of Nasdaq, 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 notwithstanding that he may be interested therein. If he does so his vote shall be counted and he may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered.

The directors may exercise all the powers of the company to raise or borrow money or to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital, and subject to the Companies Act (As Revised) of the Cayman Islands, to issue debentures, bonds or other securities whether outright or as collateral security for any debt, liability or obligation of the company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise their skills and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association as may be amended from time to time. We have the right to seek damages against any director who breaches a duty owed to us.

Terms of Directors and Officers

Our directors are not subject to a term of office and hold office until their resignation, death, removal or incapacity or until their respective successors have been elected and qualified in accordance with our articles of association.

The office of a director will be vacated if, among other things, the director (1) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors, (2) becomes of unsound mind or dies, (3) resigns his or her office by notice in writing, or (4) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a five-year period. We may terminate an executive officer's employment for cause, at any time, without notice or remuneration, for certain acts of the officer, including but not limited to incapacity to fulfill job responsibilities, breach of internal procedures or regulations which cause material damage to us or breach of obligation of confidentiality.

An executive officer may terminate his/her employment at any time with 30 days prior written notice.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except for our benefit, any confidential information of us. In addition, all of our executive officers have agreed to be bound by the non-competition agreements entered into between such executive officers and us.

In addition, we have entered into indemnification agreements with our directors and executive officers. Under these indemnification agreements, we have agreed to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of them being our directors or executive officers.

Board Committees

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under our board of directors, and adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson. Ms. Gabrielle Bilciu-Wolfson is the chairwoman of our audit committee. We have determined that each of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson satisfies the "independence" requirements of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act, and that Ms. Gabrielle Bilciu-Wolfson qualifies as an "audit committee financial expert" under Nasdaq Stock Market Rules.

The audit committee oversees our accounting and financial reporting processes and the audit of our financial statements. The audit committee is responsible for, among other things:

- appointing our independent registered public accounting firm and pre-approving all auditing and non-auditing services performed by our independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and our independent registered public accounting firm;
- reporting regularly to the full board of directors; and
- performing such other matters that are specifically delegated to the audit committee by our board of directors from time to time.

Compensation Committee

Our compensation committee consists of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson. Prof. Mingzhao Xing (Michael) is the chairman of our compensation committee. We have determined that each of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson satisfies the "independence" requirements of the Nasdaq Stock Market Rules.

The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

The compensation committee is responsible for, among other things:

- reviewing and recommending to the board the total compensation package for our four most senior executives;

- approving and overseeing the total compensation package for our executives other than the four most senior executives;
- reviewing and making recommendations to the board of directors with respect to the compensation of our directors; and
- reviewing periodically and recommending any long-term incentive compensation or equity plans, programs or similar arrangements for consideration by the board of directors, annual bonuses, employee pension and welfare benefit plans.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson. Mr. Lijian Xu is the chairperson of our nominating and corporate governance committee. We have determined that each of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson satisfies the "independence" requirements of the Nasdaq Stock Market Rules.

The nominating and corporate governance committee assists the board of directors in selecting directors and in determining the composition of our board and board committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors, or for appointment to fill any vacancy;
- reviewing annually with our board of directors its composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations;
- making recommendations to our board of directors on corporate governance matters and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure compliance.

Code of Business Conduct and Ethics and Corporate Governance

We have adopted a code of business conduct and ethics, which are applicable to all of our directors, executive officers and employees. We have made our code of business conduct and ethics publicly available on our website.

In addition, we have adopted a set of corporate governance guidelines covering a variety of matters, including approval of related party transactions.

Compensation of Directors and Executive Officers

In 2023, we paid an aggregate of approximately RMB1.0 million (US$138,955) in cash to our executive officers and directors. In addition, we made contributions to such officers' pension, medical insurance, unemployment insurance, housing fund and other statutory benefits as required by PRC law, which totaled approximately RMB0.2 million (US$27,791) in 2023.

Baird Medical 2024 Equity Incentive Plan

On September 26, 2024, we adopted the Baird Medical 2024 Equity Incentive Plan ("2024 Equity Incentive Plan"), under which we will grant equity incentive awards to eligible employees, consultants and non-employee directors in order to attract, motivate and retain talented individuals. The initial aggregate number of Ordinary Shares that may be issued or used for reference purposes or with respect to which awards may be granted under the 2024 Equity Incentive Plan shall be equal to 10% of the issued and outstanding

Ordinary Shares (on a fully diluted basis) as of immediately after the closing of the Business Combination. The total number of Ordinary Shares that will be reserved, and that may be issued, under the 2024 Equity Incentive Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2025, by a number of Ordinary Shares equal to three percent (3%) of the total outstanding Ordinary Shares on the last day of the prior calendar year. Notwithstanding the automatic annual increase set forth in the 2024 Equity Incentive Plan, the board of directors may act prior to January 1st of a given year to provide that there will be no such increase in the Ordinary Shares reserved for such year or that the increase in the Ordinary Shares reserved for such year will be a lesser number of Ordinary Shares than would otherwise occur pursuant to the stipulated percentage. As of the date of this prospectus, we have not granted any awards under the 2024 Equity Incentive Plan.

Types of Awards

The 2024 Equity Incentive Plan permits the awards of options, restricted shares, restricted share units or any other type of awards approved by our board of directors or compensation committee of the board.

Plan Administration

Our board of directors or the compensation committee administers the 2024 Equity Incentive Plan. The board or the compensation committee determines, among other things, the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement

Awards granted under the 2024 Equity Incentive Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility

We may grant awards to our employees, directors and consultants.

Vesting Schedule

In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Awards

The exercise price per share subject to an option is determined by the plan administrator and set forth in the award agreement, which may be a fixed price or a variable price related to the fair market value of the shares. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant.

Transfer Restrictions

An award may not be transferred, except as provided in the 2024 Equity Incentive Plan, such as transfers by will or by laws of descent or distribution, or as provided in the relevant award agreement or otherwise determined by the plan administrator.

Termination and Amendment

Unless terminated earlier, the 2024 Equity Incentive Plan has a term of ten years. Our board of directors may terminate, amend or modify the plan, subject to the limitations of applicable laws. However, no such action may adversely affect in any material way any award previously granted without prior written consent of the participant.

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information relating to the beneficial ownership of our Ordinary Shares as of the date of this prospectus by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of outstanding ordinary shares;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares that the person has the right to acquire within 60 days are included, including through the exercise of any option or other right or the conversion of any other security. However, these shares are not included in the computation of the percentage ownership of any other person.

The percentage of Ordinary Shares beneficially owned is computed on the basis of 36,068,625 Ordinary Shares outstanding on November 14, 2024, assuming 27,463,627 Ordinary Shares currently held by Betters Medical have been distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure and full conversion of GFC Shares into 290,000 Ordinary Shares, 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.

Beneficial Owners	Number of Ordinary Shares	Percentage of all Ordinary Shares	Percentage of all Voting Power
5% shareholders:			
Haimei Wu[(1)]	18,195,281	50.4%	50.4%
ExcelFin SPAC LLC	4,773,406	13.2%	13.2%
Grand Fortune Capital (H.K.) Company Limited[(2)]	2,171,456	6.0%	6.0%
Directors and Executive Officers			
Haimei Wu[(1)]	18,195,281	50.4%	50.4%
Wei Hou	—	—	—
Quan Qiu	—	—	—
Joseph Douglas Ragan III	—	—	—
Michael Mingzhao Xing	—	—	—
Lijian Xu	—	—	—
Gabrielle Bilciu-Wolfson	—	—	—
Rongjian Lu	—	—	—
Jie Li	—	—	—
Jianwei Yuan	—	—	—
Jin Xu	—	—	—
Wei Xu	—	—	—
All directors and executive officers as a group	18,195,281	50.4%	50.4%

† Except as indicated otherwise below, the business address of our directors and executive officers is Room 202, 2/F, Baide Building, Building 11, No.15, Rongtong Street, Yuexiu District, Guangzhou, People's Republic of China.

(1) Haimei Wu is the Chairwoman and Chief Executive Officer of the Company. After the Pro Rata Distribution, Auto King International Limited ("Auto King") will own 18,195,281 Ordinary Shares. Auto King is controlled by Ms. Wu.

(2) Represents (i) 1,881,456 Ordinary Shares to be held by Grand Fortune Capital (H.K.) Company Limited ("Grand Fortune") after the Pro Rata Distribution, and (ii) 290,000 Ordinary Shares upon and full conversion of GFC Shares into 290,000 Ordinary Shares. Grand Fortune controls GFC.

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 the date of this prospectus, we had 34 shareholders of record of the Ordinary Shares and 2 shareholders of record of the Warrants. As of the date of this prospectus, approximately 16.6% of the outstanding Ordinary Shares were held by U.S. record holders.

SELLING SECURITYHOLDERS

This prospectus relates to, among other things, the registration and resale by the Selling Securityholders of up to 33,832,033 Ordinary Shares, including (1) 27,463,627 Ordinary Shares held by Betters Medical, which were issued to Betters Medical valued at $10.20 per share; such number of Ordinary Shares will be distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure; (2) 6,028,406 Sponsor Shares, comprising (x) 5,750,000 Ordinary Shares exchanged from 5,750,000 ExcelFin Class A Common Stock purchased by the Sponsor at a price of approximately $0.004 per share; and (y) 278,406 Ordinary Shares converted from the aggregate outstanding balance of certain working capital loans provided to ExcelFin by the Sponsor and its affiliates at a conversion price of $10.20 per share; (3) 50,000 Ordinary Shares currently held by Cohen, which were issued to Cohen valued at $10.00 per share; and (4) up to 290,000 Ordinary Shares by GFC upon conversion of 290,000 GFC Shares acquired by GFC in a private placement concurrently with the closing of the Business Combination at $10.00 per share in accordance with the terms of the Amended and Restated Articles of Association of the Company. When we refer to the "Selling Securityholders" in this prospectus, we mean the persons listed in the table below, and the pledgees, donees, transferees, assignees or other successors in interest (that receive any of the securities as a gift, distribution, or other non-sale related transfer) of the persons named in the table below.

The table below sets forth, as of the date of this prospectus, the name of the Selling Securityholders for which we are registering securities for resale to the public and the aggregate principal amount that the Selling Securityholders may offer pursuant to this prospectus, assuming the 27,463,627 Ordinary Shares currently held by Betters Medical have been distributed to the existing shareholders of Betters Medical through a pro rata distribution in proportion to Betters Medical's shareholding structure, the full conversion of GFC Shares into 290,000 Ordinary Shares, and the Earnout Shares will be vested. The individuals and entities listed below have beneficial ownership over their respective securities. 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 (1) the exercise of any option, warrant or right, (2) the conversion of a security, (3) the power to revoke a trust, discretionary account or similar arrangement, or (4) 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.

The securities held by certain of the Selling Securityholders are subject to transfer restrictions, as described in the section entitled "Corporate History and Structure — Additional Agreements in connection with the Business Combination — Sponsor Support Agreement" and "— Betters Medical Lock-up Agreement."

We cannot advise you as to whether the Selling Securityholders will in fact sell any or all of such securities. In addition, the Selling Securityholders may sell, transfer or otherwise dispose of, at any time and from time to time, the ordinary shares in transactions exempt from the registration requirements of the Securities Act after the date of this prospectus, subject to applicable law.

Selling Securityholder information for each additional Selling Securityholder, if any, will be set forth by prospectus supplement to the extent required prior to the time of any offer or sale of such Selling Securityholder's securities pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each Selling Securityholder and the number of Ordinary Shares registered on its behalf. A Selling Securityholder may sell all, some or none of such securities in this offering. See the section titled "Plan of Distribution."

The securities owned by the persons named below do not have voting rights different from the securities owned by other holders.

Name of Selling Securityholder	Securities beneficially owned prior to this offering		Securities to be sold in this offering	Securities beneficially owned after this offering	
	Ordinary Shares	%[1]	Ordinary Shares	Ordinary Shares[1][2]	%[1][2]
ExcelFin SPAC LLC[3]	4,773,406	13.2	4,773,406	—	—
Nautilus Master Fund, L.P.[4]	125,000	0.3	125,000	—	—
Highbridge Tactical Credit Master Fund, L.P.[5]	99,625	0.3	99,625	—	—
Highbridge Tactical Credit Institutional Fund Ltd.[6]	25,375	0.1	25,375	—	—
Radcliffe SPAC Master Fund, L.P.[7]	125,000	0.3	125,000	—	—
Fir Tree Value Master Fund, LP[8]	1,669	*	1,669	—	—
Fir Tree Capital Opportunity Master Fund LP[9]	1,018	*	1,018	—	—
Fir Tree Capital Opportunity Master Fund III, LP[10]	1,667	*	1,667	—	—
FT SOF XIII (SPAC) Holdings, LLC[11]	24,225	0.1	24,225	—	—
Boston Patriot Merrimack St, LLC[12]	96,421	0.3	96,421	—	—
Camac Fund, LP[13]	75,000	0.2	75,000	—	—
Exos Collateralized SPAC Holdings Fund LP[14]	80,000	0.2	80,000	—	—
AQR Absolute Return Master Account, L.P.[15]	7,735	0.0	7,735	—	—
AQR SPAC Opportunities Offshore Fund L.P. (f/k/a AQR SPAC Opportunities Fund, L.P.)[16]	3,425	*	3,425	—	—
AQR TA Global Alpha Fund, L.P. (f/k/a AQR Tax Advantaged Absolute Return Fund, L.P.)[17]	5,036	0.0	5,036	—	—
AQR Funds – AQR Diversified Arbitrage Fund[18]	46,529	0.1	46,529	—	—
AQR Global Alternative Investment Offshore Fund, L.P.- SPACs Sleeve[19]	62,275	0.2	62,275	—	—
James Lee Lapp[20]	12,500	0.0	12,500	—	—
Perga Capital Partners, LP[21]	50,000	0.1	50,000	—	—
TQ Master Fund LP[22]	50,000	0.1	50,000	—	—
RLH SPAC Fund LP[23]	37,500	0.1	37,500	—	—
BoothBay Absolute Return Strategies, LP[24]	33,733	0.1	33,733	—	—
Boothbay Diversified Alpha Master Fund LP[25]	29,590	0.1	29,590	—	—
Sandia Crest LP[26]	17,993	0.0	17,993	—	—
Crestline Summit Master, SPC – Peak SP[27]	14,792	0.0	14,792	—	—
Crestline Summit Master, SPC – Crestline Summit APEX SP[28]	3,559	0.0	3,559	—	—
Walleye Opportunities Master Fund Ltd[29]	16,887	0.0	16,887	—	—
Walleye Investments Fund LLC[30]	8,446	0.0	8,446	—	—
Tenor Opportunity Master Fund, Ltd.[31]	75,000	0.2	75,000	—	—
Fifth Lane Partners Fund LP[32]	125,000	0.3	125,000	—	—
Auto King International Limited[33]	18,195,281	50.4	18,195,281	—	—
Brilliant Cut Limited[34]	1,362,369	3.8	1,362,369	—	—
Daily Charm Holdings Limited[35]	1,329,505	3.7	1,329,505	—	—
Cosmic Discovery Limited[36]	765,181	2.1	765,181	—	—
Rainbow Avenue Limited[37]	697,840	1.9	697,840	—	—
Mighty Sino International Limited[38]	697,083	1.9	697,083	—	—

Name of Selling Securityholder	Securities beneficially owned prior to this offering		Securities to be sold in this offering	Securities beneficially owned after this offering	
	Ordinary Shares	%[1]	Ordinary Shares	Ordinary Shares[1][2]	%[1][2]
Pride Supreme Limited[39]	480,283	1.3	480,283	—	—
Good Hero Global Limited[40]	389,738	1.1	389,783	—	—
Tiger Goal Limited[41]	293,349	0.8	293,349	—	—
Major Delight Limited[42]	145,410	0.4	145,410	—	—
Success Avenue Limited[43]	130,599	0.4	130,599	—	—
Grand Fortune Capital (H.K.) Co., Limited[44]	1,881,456	5.2	1,881,456	—	—
Grand Fortune Capital, LLC[44]	290,000	0.8	290,000	—	—
Courage Elite Limited[45]	512,848	1.4	512,848	—	—
China Venture Capital (Hong Kong) Co., Limited[46]	256,425	0.7	256,425	—	—
IPE Group Limited[47]	256,425	0.7	256,425	—	—
Weitian Limited[48]	69,835	0.2	69,835	—	—
J.V.B. Financial Group, LLC[49]	50,000	0.1	50,000	—	—
Total	33,832,033	93.8	33,832,033	—	—

* representing shareholding less than 0.01%

(1) The percentage of beneficial ownership is calculated based on 36,068,625 Ordinary Shares outstanding on the date of this prospectus, assuming the completion of the Pro Rata Distribution and full conversion of the GFC Shares into 290,000 Ordinary Shares, and does not include 11,500,000 Ordinary Shares issuable upon the exercise of outstanding warrants.

(2) Assumes the sale of all Registered Securities offered in this prospectus.

(3) The sponsor is managed by Grand Fortune Capital, LLC. Grand Fortune Capital (HK) Company Ltd. ("GFCHK") controls Grand Fortune Capital, LLC ("GFC") and is managed by an investment committee ("GFCHK Investment Committee") consisting of three members, Goh Lin Piao, James Ouyang and Ralph Cho. Any action by GFC with respect to shares of ExcelFin Class A Common Stock held directly by the sponsor, including voting and dispositive decisions, requires at least a majority vote of the members of the GFCHK Investment Committee. Each member of the GFCHK Investment Committee disclaims beneficial ownership of the shares held by GFC.

(4) The address of Nautilus Master Fund, L.P. is c/o Periscope Capital Inc, Bay Adelaide Centre 333 Bay St, Ste 1240, Toronto ON M5H 2R2, Canada.

(5) The address of Highbridge Tactical Credit Master Fund, L.P. is c/o Highbridge Capital Management LLC, 277 Park Ave, 23rd Floor, New York, NY 10172.

(6) The address of Highbridge Tactical Credit Institutional Fund Ltd. is c/o Highbridge Capital Management LLC, 277 Park Ave, 23rd Floor, New York, NY 10172.

(7) The address of Radcliffe SPAC Master Fund, L.P. is c/o Radcliffe Capital Management LP, 50 Monument Road, Suite 300, Bala Cynwyd, PA 19004.

(8) The address of Fir Tree Value Master Fund, LP is c/o Fir Tree Capital Management LP, 500 Fifth Ave, 9th Floor, New York, NY 10110.

(9) The address of Fir Tree Capital Opportunity Master Fund LP is c/o Fir Tree Capital Management LP, 500 Fifth Ave, 9th Floor, New York, NY 10110.

(10) The address of Fir Tree Capital Opportunity Master Fund III, LP is c/o Fir Tree Capital Management LP, 500 Fifth Ave, 9th Floor, New York, NY 10110.

(11) The address of FT SOF XIII (SPAC) Holdings, LLC is c/o Fir Tree Capital Management LP, 500 Fifth Ave, 9th Floor, New York, NY 10110.

(12) The address of Boston Patriot Merrimack St, LLC is c/o Fir Tree Capital Management LP, 500 Fifth Ave, 9th Floor, New York, NY 10110.

(13) The registered address of Camac Fund, LP is 2 Pheasant Ridge Road, Ossining, NY 10562.

(14) The registered address of Exos Collateralized SPAC Holdings Fund LP is 31 East 32nd Street, Third Floor, New York, NY 10016.

(15) The registered address of AQR Absolute Return Master Account, L.P. is One Greenwich Plaza, Suite 130, Greenwich, CT 06830.

(16) The registered address of AQR SPAC Opportunities Offshore Fund L.P. (f/k/a AQR SPAC Opportunities Fund, L.P.) is One Greenwich Plaza, Suite 130, Greenwich, CT 06830.

(17) The registered address of AQR TA Global Alpha Fund, L.P. (f/k/a AQR Tax Advantaged Absolute Return Fund, L.P.) is One Greenwich Plaza, Suite 130, Greenwich, CT 06830.

(18) The registered address of AQR Funds — AQR Diversified Arbitrage Fund is One Greenwich Plaza, Suite 130, Greenwich, CT 06830.

(19) The registered address of AQR Global Alternative Investment Offshore Fund, L.P. — SPACs Sleeve is One Greenwich Plaza, Suite 130, Greenwich, CT 06830.

(20) The address of James Lee Lapp is 26 Amberley Court, Richmond, RI 02812.

(21) The registered address of Perga Capital Partners, LP is 1000 Biscayne Blvd, Apt 1501, Miami, FL 33132.

(22) The registered address of TQ Master Fund LP is 331 Park Ave S, Third Floor, New York, NY 10010.

(23) The registered address of RLH SPAC Fund LP is 119 Hicks Lane, Great Neck, NY 11024.

(24) The registered address of BoothBay Absolute Return Strategies, LP is 140 East 45th Street, New York, NY 10017.

(25) The registered address of Boothbay Diversified Alpha Master Fund LP is 140 East 45th Street, New York, NY 10017.

(26) The registered address of Sandia Crest LP is 201 Washington Street, Suite 2600, Boston, MA 02108.

(27) The registered address of Crestline Summit Master, SPC — Peak SP is 201 Main Street, Fort Worth, TX 76102.

(28) The registered address of Crestline Summit Master, SPC — Crestline Summit APEX SP is 201 Main Street, Fort Worth, TX 76102.

(29) The registered address of Walleye Opportunities Master Fund Ltd is 2800 Niagara Lane North, Plymouth, MN 55448.

(30) The registered address of Walleye Investments Fund LLC is 2800 Niagara Lane North, Plymouth, MN 55447.

(31) The address of Tenor Opportunity Master Fund, Ltd. is c/o Tenor Capital, 810 Seventh Ave, Suite 1905, New York, NY 10019.

(32) The registered address of Fifth Lane Partners Fund LP is 3300 N IH-35, Suite 380, Austin, TX 78705.

(33) Auto King International Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Auto King International Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(34) Brilliant Cut Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Brilliant Cut Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(35) Daily Charm Holdings Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Daily Charm Holdings Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(36) Cosmic Discovery Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Cosmic Discovery Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(37) Rainbow Avenue Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Rainbow Avenue Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(38) Mighty Sino International Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Mighty Sino International Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(39) Pride Supreme Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Pride Supreme Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(40) Good Hero Global Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Good Hero Global Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(41) Tiger Goal Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Tiger Goal Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(42) Major Delight Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Major Delight Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(43) Success Avenue Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Success Avenue Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, BVI.

(44) Includes (i) 1,881,456 Ordinary Shares to be held by Grand Fortune Capital (H.K.) Co., Limited ("Grand Fortune") upon Pro Rata Distribution; and (ii) 290,000 GFC Shares. Grand Fortune is a company incorporated under the laws of Hong Kong. The registered address of Grand Fortune is Flat/Rm 2, 5/F, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong. GFC is controlled by Grand Fortune. GFC is a limited liability company organized under the laws of the State of Delaware. The address of GFC is 660 Newport Center Drive, Suite 1250, Newport Beach, CA 92660.

(45) Courage Elite Limited is a company incorporated under the laws of Hong Kong. The registered address of Courage Elite Limited is Unit 3A, Cheong Sun Tower, 116-118 Wing Lok Street, Sheung Wan. Hong Kong.

(46) China Venture Capital (Hong Kong) Co., Limited is a company incorporated under the laws of Hong Kong. The registered address of China Venture Capital (Hong Kong) Co., Limited is 15A, Fortis Tower, 77-79 Gloucester Road, Hong Kong.

(47) IPE Group Limited is a company incorporated under the laws of Hong Kong. The registered address of IPE Group Limited is Unit 5-6, 23/F, Enterprise Square 3, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

(48) Weitian Limited is a company incorporated under the laws of the British Virgin Islands. The registered address of Weitian Limited is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

(49) In November 2024, we issued 50,000 Ordinary Shares to J.V.B. Financial Group, LLC pursuant to certain engagement letter entered between J.V.B. Financial Group, LLC, acting through its Cohen & Company Capital Markets division and ExcelFin dated February 23, 2023 and amended on September 27, 2024. J.V.B. Financial Group, LLC is a subsidiary of J.V.B. Financial Holdings, LLC which is owned by Cohen & Company, LLC, the operating entity for Cohen & Company Inc., which is controlled by its CEO, Lester Brafman. The person having voting and dispositive power over J.V.B. is Jerry Serowik. The address of the persons and entities listed above is 2929 Arch Street, Ste 1703, Philadelphia, PA.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements in Connection with the Business Combination

See "Corporate History and Structure — Business Combination with ExcelFin" and "— Additional Agreements in connection with the Business Combination."

Employment Agreements and Indemnification Agreements

See "Management — Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Management — Baird Medical 2024 Equity Incentive Plan."

Other Related Party Transactions

Baird Medical has not entered into any transactions with related parties during 2021 and 2022. However, Baird Medical has some pre-existing related party transactions which remain outstanding and some recent related party transactions from 2023 and may in the future enter into additional transactions with entities in which customers of Baird Medical's management, board of directors and other related parties hold ownership interests. Below is a list of Baird Medical's related party transactions:

- In 2023, three of Betters Medical's preference shares holders elected to exercise their right to require Betters Medical, Haimei Wu and certain of the Key Betters Medical Shareholders, on a joint and several basis, to repurchase or purchase 100% of their preference shares (such holders, the "Electing Preference Shares Holders"). As a result, (i) in April 2023, Betters Medical paid (on behalf of Wu Haimei) RMB10,000,000, and on June 30, 2023, Betters Medical paid (on behalf of Haimei Wu) US$683,638.21 and Haimei Wu paid US$499,994.24, in each case, to one Electing Preference Shares Holder as total consideration for the purchase by Haimei Wu of 192,411 Preference Shares, and (ii) on June 30, 2023, Grand Fortune Capital (HK) Company Limited, an affiliate of GFC, purchased the remaining 641,371 preference shares held by the same Electing Preference Shares Holder for total consideration of US$8,712,178.41. The other two Electing Preference Shares Holders' repurchase requests remain outstanding.
- Haimei Wu, the Chairwoman and Chief Executive Officer of Baird Medical, 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.
- Our use of its Taicang Plant is conducted pursuant to a sublease agreement to which certain affiliated entities are parties.
- We are party to a Subscription Agreement dated June 30, 2021, and certain of our affiliates, as well as a Shareholders' Agreement, dated July 5, 2021, by and among Betters Medical, Baide Medical Investment Company Limited, Haimei Wu, and certain additional subsidiaries and investors.
- On June 26, 2023, the Sponsor, ExcelFin, and the Company entered into the Sponsor Support Agreement. Pursuant to such agreement, the Sponsor agreed that (1) 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 (2) 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 US$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 Baird Medical 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 Baird Medical, effective as of such date.

- On June 26, 2023, Betters Medical, Baird Medical, Tycoon, certain shareholders of Betters Medical who collectively represented approximately 68.2% of the issued and outstanding shares of Betters Medical as of the date thereof, and ExcelFin entered into the Betters Medical Shareholder Support Agreement. Pursuant to such agreement, each of the Key Betters Medical Shareholders agreed to (1) vote in favor of the Business Combination and against any competing proposals; (2) not transfer or sell any shares of Betters Medical except to certain permitted transferees who agree to be bound by similar restrictions; (3) 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 (4) revoke any inconsistent proxies previously given in respect of the Betters Medical Shares. In addition, prior to the Closing, Betters 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 Betters Medical untrue or incorrect in any material respect or (iv) commit or agree to take any of the foregoing actions.
- On September 30, 2024, we 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, Betters Medical and Baird Medical entered into a lock-up agreement (the "Lock-Up Agreement"), pursuant to which Betters 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 Baird Medical 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 Betters 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 US$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of Baird Medical occurs with an implied value at or above US$12.50 per share.
- On October 1, 2024, ExcelFin, Baird Medical 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 Baird Medical all of its right, title and interest in the ExcelFin Public Warrant Agreement and Baird Medical 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 US$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, Baird Medical, the Sponsor, Betters 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, Baird Medical 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 Baird Medical that it would "review" the registration statement) following the Closing Date and (y) the 10th business day after the date Baird Medical 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, Baird Medical also granted certain demand and piggyback registration rights to the Holders. All of the costs of these registrations shall be borne by Baird Medical, other than selling commissions incurred by the Holders. Under the Registration Rights Agreement, Baird Medical 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 Baird Medical and certain persons or entities related to Baird Medical, such as its officers, directors, and underwriters, against all losses caused by their misstatements or omissions in those documents.

Transactions with related parties present potential for conflicts of interest, as the interests of related parties may not align with the interests of Baird Medical's shareholders. Conflicts of interest may also arise in connection with the exercise of contractual remedies under these transactions, such as the treatment of events of default.

Our board of directors intends to authorize the audit committee to review and approve all material related party transactions. Under the laws of the Cayman Islands, our directors owe fiduciary duties to us, including a duty to act honestly, a duty to act in what they consider in good faith to be in the best interest of us. Our directors also have a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. Nevertheless, we may have achieved more favorable terms if such transactions had not been entered into with related parties and these transactions, individually or in the aggregate, may have an adverse effect on our business and results of operations or may result in government enforcement actions or other litigation.

DESCRIPTION OF OUR SECURITIES

Baird Medical is a Cayman Islands exempted company and its affairs are governed by its memorandum and articles of association, as amended from time to time, and the Companies Act (As Revised) of the Cayman Islands, which is referred to as the Companies Act (As Revised) below, and the common law of Cayman Islands. The following are summaries of certain material provisions of the Amended and Restated Memorandum and Articles of Association of Baird Medical (the "Articles"), attached as an exhibit to prospectus. You are encouraged to read the relevant provisions of the Companies Act (As Revised) and the Articles as they relate to the following summary.

Authorized Share Capital

As of the date of this prospectus, Baird Medical's authorized share capital is US$50,500 divided into 505,000,000 shares of a nominal or par value of $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 (the "Ordinary Shares") and (ii) 5,000,000 series A convertible preferred shares of a nominal or par value of US$0.0001 each (the "Series A Preferred Shares").

As of the date of this prospectus, Baird Medical had 35,778,625 Ordinary Shares issued and outstanding.

Ordinary Shares

General

All of our issued Ordinary Shares are fully paid and non-assessable. The Ordinary Shares are issued in registered form, and are issued when registered in Baird Medical's register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their Ordinary Shares.

Dividends

The holders of Ordinary Shares are entitled to such dividends as may be declared by our board of directors. Under Cayman Islands law, dividends may be declared and paid out of funds legally available therefor, namely out of profit or share premium, provided that in no circumstances may Baird Medical pay a dividend out of share premium if this would result in usbeing unable to pay our debts as they fall due in the ordinary course of business.

Register of Members

Under Cayman Islands law, we must keep a register of members and there will be entered therein:

- the names and addresses of the members with a statement of the shares held by each member, and the statement shall (i) distinguish each share by its number (so long as the share has a number); (ii) confirm the amount paid or agreed to be considered as paid on the shares of each member; (iii) confirm the number and category of shares held by each member; (iv) confirm whether each relevant category of shares held by a member carries voting rights under the Articles, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of Baird Medical is prima facie evidence of any matters by the Companies Act (As Revised) directed or authorized to be inserted therein.

Voting Rights

Each holder of Ordinary Share shall be entitled to one vote per Ordinary Share. Each holder of Series A Preferred Shares shall be entitled to no voting right.

Voting at any meeting of shareholders of Baird Medical is by show of hands unless a poll is demanded. A poll may be demanded by:

- the chairperson of such meeting;
- by at least three shareholders present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative for the time being entitled to vote at the meeting;
- by shareholder(s) present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; and
- by shareholder(s) present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative and holding shares in Baird Medical 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.

An ordinary resolution to be passed at a meeting by the shareholders of Baird Medical requires the affirmative vote of a simple majority of the votes attaching to the Ordinary Shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding Ordinary Shares at a meeting. A special resolution will be required for important matters such as a change of name, making changes to the Articles, a reduction of share capital and the winding up of Baird Medical, shareholders of Baird Medical may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company, Baird Medical is not obliged by the Companies Act (As Revised) to call shareholders' annual general meetings. The Articles provide that Baird Medical shall, if required by the Companies Act (As Revised), 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 shall be held at such time and place as may be determined by the directors of Baird Medical in accordance with the rules of Nasdaq, unless Nasdaq does not require the holding of an annual general meeting. General meetings, including annual general meetings, may be held at such times and in any location in the world as may be determined by the board of directors of Baird Medical. A general meeting or any class meeting may also 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 constitutes presence at such meeting.

Shareholders' general meetings may be convened by the chairperson of the board of directors or by a majority of the board of directors of Baird Medical. Advance notice of not more than sixty nor less than ten clear days is required for the convening of an annual general shareholders' meeting (if any) and any other general meeting of shareholders. A quorum required for any general meeting of shareholders consists of two shareholders entitled to vote and present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative representing not less than one-third in nominal value of the total issued voting shares in Baird Medical throughout the meeting.

The Companies Act (As Revised) does not provide shareholders with any right to requisition a general meeting or to put any proposal before a general meeting.

Transfer of Ordinary Shares

Subject to the restrictions as set out in the Articles, Baird Medical's shareholders may transfer all or any of his or her Ordinary Shares by an instrument of transfer in the usual or common form or in a form prescribed by Nasdaq, the SEC and/or any competent regulatory authority or any other form approved by Baird Medical's board of directors. Notwithstanding the foregoing, Ordinary Shares may also be transferred in accordance with the applicable rules and regulations of Nasdaq, the SEC and/or any competent regulatory authority.

Baird Medical's board of directors may decline to register any transfer of any Ordinary Share unless:

- the instrument of transfer is lodged with Baird Medical, accompanied by the certificate (if any) for the Ordinary Shares to which it relates and such other evidence as Baird Medical's board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;

- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the Ordinary Shares is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as the directors of Baird Medical may from time to time require is paid to Baird Medical in respect thereof.

If the shares in question were issued in conjunction with rights, options and warrants issued pursuant to the Articles on terms that one cannot be transferred without the other, the board of directors of Baird Medical 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.

If Baird Medical's directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required in accordance with the rules of the Nasdaq, the SEC and/or any other competent regulatory authority be suspended and the register of members closed for transfer at such times and for such periods as the board of directors of Baird Medical may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for transfer for more than 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 shareholders by ordinary resolution.

Liquidation

On a winding up of Baird Medical, if the assets available for distribution among its shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among its shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to Baird Medical for unpaid calls or otherwise. If Baird Medical's assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that, as nearly as may be, the losses are borne by its shareholders in proportion to the par value of the shares held by them.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Baird Medical's board of directors may from time to time make calls upon shareholders for any amounts unpaid on their Ordinary Shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares

Baird Medical may issue shares on terms that such shares are subject to redemption, at Baird Medical's option or at the option of the holders, on such terms and in such manner as may be determined, before the issue of such shares, by Baird Medical's board of directors. Baird Medical may also repurchase any of its shares provided that the manner and terms of such purchase have been agreed between the board of directors and the relevant shareholder or are otherwise authorized by the Articles. Under the Companies Act (As Revised), the redemption or repurchase of any share may be paid out of Baird Medical's profits, share premium or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital if Baird Medical can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act (As Revised) no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, Baird Medical may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

Whenever the capital of Baird Medical is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be varied with the

sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class. 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 shareholder 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 shareholders who are present shall form a quorum (whatever the number of shares held by them)). The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with such existing class of shares.

Changes in Capital

Subject to the restrictions as set out in the Articles, Baird Medical may from time to time by ordinary resolution:

- increase its share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- 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 in general meeting, as the directors may determine;
- sub-divide its existing shares, or any of them into shares of a smaller amount that is fixed by its memorandum of association; and
- 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 share capital by the amount of the shares so cancelled.

Subject to the Companies Act (As Revised) and confirmation by the Grand Court of the Cayman Islands on an application by Baird Medical for an order confirming such reduction, Baird Medical may by special resolution reduce its share capital, any capital redemption reserve or other undistributable reserves in any manner authorized by law.

Issuance of Additional Shares

Subject to the restrictions as set out in the Articles, the Articles authorize our board of directors to issue additional ordinary shares from time to time as its board of directors shall determine, to the extent of available authorized but unissued shares.

Appointment and Removal of Directors

Under the Articles, the board of directors of Baird Medical shall initially consist of up to seven directors, who shall be appointed to the board as follows:

(a) one of which (the "Sponsor Director") shall be appointed by the Sponsor by written notice to Baird Medical (without further resolutions of the board or the shareholders), provided, that the right of Sponsor to appoint the Sponsor Director shall terminate on the date Sponsor ceases to beneficially own at least 25% of the shares held by Sponsor as of the closing date of the Business Combination Agreement.

(b) four of which (collectively, the "Betters Directors") shall be appointed by Betters Medical (or its affiliates) by written notice to Baird Medical (without further resolutions of the board or the shareholders), provided, that the number of Betters Directors that Betters Medical shall be entitled to appoint shall increase or decrease, as applicable, in proportion to the number of shares beneficially owned

by Betters Medical (or its affiliates) divided by the total number of shares issued and outstanding, rounded down to the nearest whole number of directors;

(c) two of which shall be nominated and elected in accordance with the terms of the Articles.

Subject to the above, Baird Medical may by ordinary resolution of shareholders elect any person to be a director either to fill a casual vacancy or as an addition to the existing board; and the directors of Baird Medical 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 compliance with director nomination procedures required under the rules and regulations of Nasdaq, the SEC and/or any other competent regulatory authority as long as shares are listed on Nasdaq, unless the board resolves to follow any available exceptions or exemptions.

Under the Articles, a director (other than the Sponsor Director and any of the Betters Directors) may be removed by way of an ordinary resolution of shareholders at any time before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between Baird Medical and such director. Notwithstanding the foregoing, the Sponsor Director may be removed by the Sponsor and the Betters Directors may be removed by Betters Medical (or its affiliates), in each case, by written notice to Baird Medical. A vacancy on the board created by the removal of a director pursuant to the above may be filled by the election or appointment by ordinary resolution of shareholders 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 and/or Betters Medical (or its affiliates) shall solely be entitled to appoint another person as the Sponsor Director or the Betters Director.

Under the Articles., a director's office shall be vacated if the director (i) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to Baird Medical; (iv) other than the Sponsor Director or any of the Betters Directors, without special leave of absence from the board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director or; (vi) is removed from office pursuant to the laws of the Cayman Islands or any other provisions of the Articles.

Under the Articles, the number of directors to be appointed to the board may only be increased or decreased upon the mutual written agreement of Betters Medical and the Sponsor; provided, that no reduction in the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Inspection of Books and Records

Holders of Ordinary Shares have no general right under Cayman Islands law to inspect or obtain copies of Baird Medical's list of shareholders or its corporate records. However, the Articles provide our shareholders with the right to inspect its register of shareholders without charge and to receive its annual audited financial statements. See "Where You Can Find Additional Information."

Anti-Takeover Provisions

Some provisions of the Articles may discourage, delay or prevent a change of control of Baird Medical or management that shareholders may consider favorable, including provisions that:

(a) specifically provide for the Sponsor's and Betters Medical's right to appoint and/or remove the Sponsor Director and the Betters Directors (as the case may be) without further approval from the shareholders; and

(b) limit the ability of shareholders to requisition and convene general meetings of shareholder.

The Articles and Cayman Islands law also require a special resolution to amend the Articles. Such requirement may prevent Baird Medical's shareholders from effecting a change of management of Baird

Medical and/or removing provisions in Baird Medical's constitutional documents that may have an anti-takeover effect. See "Comparison of Shareholder Rights."

Warrants

Following the consummation of the Business Combination, each warrants of ExcelFin outstanding immediately prior to the Effective Time ceased to be a warrant with respect to ExcelFin Common Stock and was assumed by us and converted into an Assumed Public Warrant entitling the holder thereof to purchase one Ordinary Share. Each Assumed Public Warrant otherwise continues to have and be subject to substantially the same terms and conditions as were applicable to such ExcelFin Warrant immediately prior to the consummation of the Business Combination (including any repurchase rights and cashless exercise provisions), se set forth below.

Public Stockholders' Warrants

Each whole public warrant entitles the registered holder to purchase one share of our Ordinary Share at a price of US$11.50 per share, subject to adjustment as discussed below. Pursuant to the public warrant agreement, a public warrant holder may exercise its public warrants only for a whole number of Ordinary Shares. This means only a whole public warrant may be exercised at a given time by a public warrant holder. No fractional public warrants will be issued upon separation of the units and only whole public warrants will trade. The public warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any Ordinary Shares pursuant to the exercise of a public warrant and will have no obligation to settle such public warrant exercise unless a registration statement under the Securities Act covering the issuance of the Ordinary Shares issuable upon exercise of the public warrants is then effective and a current prospectus relating to those Ordinary Shares is available, subject to our satisfying our obligations described below with respect to registration. No public warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their public warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a public warrant, the holder of such public warrant will not be entitled to exercise such public warrant and such public warrant may have no value and expire worthless. In the event that a registration statement is not effective for the exercised public warrants, the purchaser of a unit containing such public warrant will have paid the full purchase price for the unit solely for the Ordinary Share underlying such unit.

We have agreed that as soon as practicable, but in no event later than 20 business days after the closing of the Business Combination, we will use our reasonable best efforts to file with the SEC, and within 60 business days following the Business Combination to have declared effective, a registration statement covering the issuance of the shares of Ordinary Shares issuable upon exercise of the public warrants and to maintain a current prospectus relating to those Ordinary Shares until the public warrants expire or are redeemed. Notwithstanding the above, if our Ordinary Shares are at the time of any exercise of a public warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their public warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, but will use our reasonable best efforts to qualify the shares under applicable blue sky laws to the extent an exemption is not available.

We have agreed that any action, proceeding or claim against us arising out of or relating in any way to the public warrant agreement will 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 we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. However, the enforceability of similar exclusive forum provisions (including exclusive forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act or the Exchange Act) in other companies' organizational documents has been challenged in legal proceeds, and there is uncertainty as to whether courts would enforce

the exclusive forum provisions in our public warrant agreement. Notwithstanding the foregoing, these provisions of the public warrant agreement will not apply to suits brought to enforce any liability or duty created by the Securities Act, Exchange Act or any other claim for which the federal district courts of the United States of America shall be the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreements. Additionally, our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Redemption of Public Warrants

Once the public warrants become exercisable, we may call the public warrants for redemption:

- in whole and not in part;
- at a price of US$0.01 per public warrant;
- upon a minimum of 30 days' prior written notice of redemption, or the 30-day redemption period, to each public warrant holder; and
- if, and only if, the last reported sale price of the Ordinary Shares has been at least US$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any ten (10) trading days within the twenty (20) trading-day period ending on the third (3rd) trading day prior to the date on which the notice of redemption is given to the public warrant holders.

If and when the public warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the public warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the public warrants, each public warrant holder will be entitled to exercise his, her or its public warrant prior to the scheduled redemption date. However, the price of the Ordinary Shares may fall below the US$18.00 redemption trigger price as well as the US$11.50 public warrant exercise price after the redemption notice is issued.

Redemption Procedures and Cashless Exercise

If we call the public warrants for redemption as described above, our management will have the option to require all holders that wish to exercise public warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," our management will consider, among other factors, our cash position, the number of public warrants that are outstanding and the dilutive effect on our shareholders of issuing the maximum number of Ordinary Shares issuable upon the exercise of our warrants. In such event, each holder would pay the exercise price by surrendering the public warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the public warrants, multiplied by the excess of the "fair market value" (as defined below) of the Ordinary Shares over the exercise price of the public warrants by (y) the "fair market value." For purposes of this paragraph, the "fair market value" means the volume-weighted last reported price of the Ordinary Shares as reported for the ten (10) trading days ending on the third (3rd) trading day prior to the date on which the notice of redemption is sent to the holder of the public warrants or its securities broker or intermediary, pursuant to the public warrant agreement. If our management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Ordinary Shares to be received upon exercise of the public warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a public warrant redemption.

A holder of a public warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Ordinary Shares outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments

If the number of outstanding Ordinary Shares is increased by a stock dividend payable in the Ordinary Shares, or by a split-up of shares of Ordinary Shares or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of Ordinary Shares issuable on exercise of each public warrant will be increased in proportion to such increase in the outstanding Ordinary Shares. A rights offering to holders of Ordinary Shares entitling holders to purchase Ordinary Shares at a price less than the "historical fair market value" (as defined below) will be deemed a stock dividend of a number of Ordinary Shares equal to the product of (1) the number of Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Ordinary Shares) multiplied by (2) one minus the quotient of (x) the price per share of Ordinary Shares paid in such rights offering divided by (y) the historical fair market value. For these purposes if the rights offering is for securities convertible into or exercisable for Ordinary Shares, in determining the price payable for Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion. For purposes of this paragraph, "historical fair market value" means the volume-weighted average price of the Ordinary Shares during the ten trading day period ending on the trading day prior to the first date on which the Ordinary Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

Notwithstanding anything to the contrary, no shares of Ordinary Shares shall be issued at less than their par value.

In addition, if we, at any time while the public warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of Ordinary Shares on account of such shares of Ordinary Shares (or other shares of our capital stock into which the public warrants are convertible), other than (a) as described above, (b) certain ordinary cash dividends, then the exercise price of a public warrant will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Ordinary Shares in respect of such event.

If the number of outstanding shares of our Ordinary Shares is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Ordinary Shares or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of Ordinary Shares issuable on exercise of each public warrant will be decreased in proportion to such decrease in outstanding Ordinary Shares.

Whenever the number of Ordinary Shares purchasable upon the exercise of the public warrants is adjusted, as described above, the public warrant exercise price will be adjusted by multiplying the public warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of Ordinary Shares purchasable upon the exercise of the public warrants immediately prior to such adjustment and (y) the denominator of which will be the number of Ordinary Shares so purchasable immediately thereafter.

In addition, if (x) we issue additional Ordinary Shares or equity-linked securities for capital raising purposes in connection with the closing of the Business Combination at a newly issued price of less than US$9.20 per Ordinary Share (with such newly issued price to be determined in good faith by our board of directors), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Business Combination on the date of the consummation of the Business Combination (net of redemptions), and (z) the volume weighted average trading price of Ordinary Shares during the 20 trading day period starting on the trading day prior to the day on which we consummate the Business Combination is below US$9.20 per share, then the exercise price of the public warrants will be adjusted (to the nearest cent) to be equal to 115% of the greater of the volume weighted average trading price of Ordinary Shares during the 20 trading day period starting on the trading day prior to the day on which we consummate the Business Combination and the newly issued price and the US$18.00 per share redemption trigger price described under "Redemption of public warrants" above will be adjusted (to the nearest cent) to be equal to 180% of the greater of the volume weighted average trading price of Ordinary Shares during the 20 trading day period starting on the trading day prior to the day on which we consummate the Business Combination and the newly issued price.

In case of any reclassification or reorganization of the issued and outstanding Ordinary Shares (other than those described above or that solely affects the par value of such Ordinary Shares), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding Ordinary Shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the public warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the public warrants and in lieu of the Ordinary Shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the public warrants would have received if such holder had exercised their public warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of Ordinary Shares in such a transaction is payable in the form of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the public warrant properly exercises the public warrant within 30 days following public disclosure of such transaction, the public warrant exercise price will be reduced as specified in the public warrant agreement based on the per share consideration minus Black-Scholes Warrant Value (as defined in the public warrant agreement) of the public warrant. The purpose of such exercise price reduction is to provide additional value to holders of the public warrants when an extraordinary transaction occurs during the exercise period of the public warrants pursuant to which the holders of the public warrants otherwise do not receive the full potential value of the public warrants in order to determine and realize the option value component of the warrant. This formula is to compensate the public warrant holder for the loss of the option value portion of the public warrant due to the requirement that the public warrant holder exercise the public warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating fair market value where no quoted market price for an instrument is available.

The public warrants will be issued in registered form under the public warrant agreement between American Stock Transfer & Trust Company, LLC, as warrant agent, and us. You should review a copy of the public warrant agreement, which will be filed as an exhibit to the registration statement of which this prospectus is a part, for a description of the terms and conditions applicable to the public warrants. The public warrant agreement provides that the terms of the public warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding public warrants to make any other modification or amendment, including any modification or amendment to increase the exercise price of the public warrants or shorten the exercise period.

The public warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of public warrants being exercised. The public warrant holders do not have the rights or privileges of holders of Ordinary Shares and any voting rights until they exercise their public warrants and receive the Ordinary Shares.

Our Transfer Agent and Warrant Agent

The transfer agent for our common stock and warrant agent for our warrants is American Stock Transfer & Trust Company, LLC. We have agreed to indemnify American Stock Transfer & Trust Company, LLC in its roles as transfer agent and warrant agent, its agents and each of its stockholders, directors, officers and employees against all liabilities, including judgments, costs and reasonable counsel fees that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence, willful misconduct or bad faith of the indemnified person or entity.

Differences in Corporate Law

The Companies Act (As Revised) is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences

between the Companies Act (As Revised) and the current Companies Act of England. In addition, the Companies Act (As Revised) differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act (As Revised) applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

	Cayman Islands	Delaware
Mergers and Similar Arrangements	The Companies Act (As Revised) permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (2) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a declaration as to the assets and liabilities of each constituent company, and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.	Under Delaware law, with certain exceptions, a merger, a consolidation, or a sale, lease or exchange of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon. However, unless required by its certificate of incorporation, approval is not required by the holders of the outstanding stock of a constituent corporation surviving a merger if: • the merger agreement does not amend in any respect its certificate of incorporation; • each share of its stock outstanding prior to the merger will be an identical share of stock following the merger; and • either no shares of the surviving corporation's common stock and no shares, securities or obligations convertible into such stock will be issued or delivered pursuant to the merger, or the authorized unissued shares or treasury shares of the surviving corporation's common stock to be issued or delivered pursuant to the merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered pursuant to the merger do not exceed 20% of the shares of the surviving corporation's common stock outstanding immediately prior to the effective date of the merger.
	A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this	Mergers in which one corporation owns 90% or more of a second corporation may be completed without the vote of the second corporation's board of directors or stockholders.

Cayman Islands	Delaware
purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.	
The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.	
Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act (As Revised). The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.	Generally, a stockholder of a publicly traded corporation does not have appraisal rights in connection with a merger.
Subject to certain statutory provisions, the Companies Act (As Revised) also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by (a) 75% in value of shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:	Separate from merger and consolidations,

	Cayman Islands	Delaware
	• the statutory provisions as to the required majority vote have been met; • the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class; • the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and • the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act (As Revised). The Companies Act (As Revised) also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion. If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.	
Shareholders' Suits	In principle, we will normally be the proper plaintiff to sue for a wrong done to the company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be	Class actions and derivative actions generally are available to stockholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the

	Cayman Islands	Delaware
	of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where: • a company acts or proposes to act illegally or ultra vires; • the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and • those who control the company are perpetrating a "fraud on the minority."	court generally has discretion to permit a winning plaintiff to recover attorneys' fees incurred in connection with such action.
Indemnification of Directors and Executive Officers and Limitation of Liability	Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Amended and Restated Memorandum and Articles of Association provide that we shall indemnify our directors and officers, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our 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 director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional	A corporation has the power to indemnify any director, officer, employee, or agent of the corporation who was, is or is threatened to be made a party to an action, suit or proceeding who acted in good faith and in a manner they believed to be in the best interests of the corporation, and if with respect to a criminal proceeding, had no reasonable cause to believe his or her conduct would be unlawful, against amounts actually and reasonably incurred. Additionally, under the Delaware General Corporation Law, a Delaware corporation must indemnify its present or former directors and officers against expenses (including attorneys' fees) actually and reasonably incurred to the extent that the officer or director has been successful on the merits or otherwise in defense of any action, suit or proceeding brought against him or her by reason of the fact that he or she is or was a director or officer of the corporation.

	Cayman Islands	Delaware
	indemnification beyond that provided in the Articles. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.	
Directors' Fiduciary Duties	As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.	Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.
Shareholder Action by Written	Cayman Islands law and our Amended and Restated Memorandum and Articles of Association provide that our shareholders	Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent

	Cayman Islands	Delaware
Consent	may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.	by amendment to its certificate of incorporation.
Shareholder Proposals	The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. However, the Articles do not contain such rights. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.	Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.
Cumulative Voting	Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our Amended and Restated Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.	Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it.
Removal of Directors	Under our Articles, a director (other than the Sponsor Director and any of the Betters Directors) may be removed by way of an ordinary resolution of shareholders at any time before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between Baird Medical and such director. Notwithstanding the foregoing, the Sponsor Director may be removed by the Sponsor and the Betters Directors may be removed by Betters Medical (or its affiliates), in each case, by written notice to Baird Medical. A vacancy on the board created by the removal of a director pursuant to the above may be filled by the election or appointment by ordinary resolution of shareholders at the meeting at which such director is removed or by the affirmative vote of a simple majority of the	Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

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	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 and/or Betters Medical (or its affiliates) shall solely be entitled to appoint another person as the Sponsor Director or the Betters Director. Under the Articles, a director's office shall be vacated if the director (i) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to Baird Medical; (iv) other than the Sponsor Director or any of the Betters Directors, without special leave of absence from the board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director or; (vi) is removed from office pursuant to the laws of the Cayman Islands or any other provisions of the Articles.	
Transactions with Interested Shareholders	Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.	The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with

	Cayman Islands	Delaware
		the target's board of directors.
Dissolution; Winding Up	Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.	Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.
Variation of Rights of Shares	Under the Articles, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be varied with the sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.	Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.
Amendment of Governing Documents	Under the Companies Act and our Amended and Restated Memorandum and Articles of Association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.	Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.
Rights of Non-resident or Foreign Shareholders	There are no limitations imposed by our Amended and Restated Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Amended and Restated Memorandum and Articles of Association that require our company to disclose shareholder ownership above any particular ownership threshold.	Under Delaware General Corporation Law, there are no restrictions on foreign shareholders, and all the stock or membership interests in a Delaware company can be owned by non-U.S. nationals.

Special Considerations for Exempted Companies

We are an exempted company incorporated with limited liability under the Companies Act (As Revised) of the Cayman Islands. The Companies Act (As Revised) of the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;

- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our Amended and Restated Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on Ordinary Shares. In addition, there are no provisions in the our Amended and Restated Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Enforceability of Civil Liability under Cayman Islands Law

There is uncertainty as to whether the courts of the Cayman Islands would (1) recognize and enforce judgments of courts of the United States obtained against us or our directors or officers that are predicated upon the civil liability provision of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Although there is no statutory recognition in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts of the United States against the company under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the United States courts under the civil liability provisions of the securities laws if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Anti-Money Laundering — Cayman Islands

In order to comply with legislation or regulations aimed at the prevention of money laundering, we may be required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity. Where permitted, and subject to certain conditions, we may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

We reserve the right to request such information as is necessary to verify the identity of a subscriber. In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

We also reserve the right to refuse to make any redemption payment to a shareholder if directors or officers suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure compliance with any such laws or regulations in any applicable jurisdiction.

Data Protection — Cayman Islands

We have certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "DPA") based on internationally accepted principles of data privacy.

Privacy Notice

Introduction

This privacy notice puts our shareholders on notice that through your investment in us you will provide us with certain personal information which constitutes personal data within the meaning of the DPA ("personal data"). In the following discussion, the "company" refers to us and our affiliates and/or delegates, except where the context requires otherwise.

Investor Data

We will collect, use, disclose, retain and secure personal data to the extent reasonably required only and within the parameters that could be reasonably expected during the normal course of business. We will only process, disclose, transfer or retain personal data to the extent legitimately required to conduct our activities of on an ongoing basis or to comply with legal and regulatory obligations to which we are subject. We will only transfer personal data in accordance with the requirements of the DPA, and will apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of the personal data and against the accidental loss, destruction or damage to the personal data.

In our use of this personal data, we will be characterized as a "data controller" for the purposes of the DPA, while our affiliates and service providers who may receive this personal data from us in the conduct of our activities may either act as our "data processors" for the purposes of the DPA or may process personal information for their own lawful purposes in connection with services provided to us.

We may also obtain personal data from other public sources. Personal data includes, without limitation, the following information relating to a shareholder and/or any individuals connected with a shareholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the shareholder's investment activity.

Who this Affects

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with personal data on individuals connected to you for any reason in relation your investment in us, this will be relevant for those individuals and you should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How We May Use a Shareholder's Personal Data

We, as the data controller, may collect, store and use personal data for lawful purposes, including, in particular:

- where this is necessary for the performance of our rights and obligations under any purchase agreements;
- where this is necessary for compliance with a legal and regulatory obligation to which we are subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
- where this is necessary for the purposes of our legitimate interests and such interests are not overridden by your interests, fundamental rights or freedoms.

Should we wish to use personal data for other specific purposes (including, if applicable, any purpose that requires your consent), we will contact you.

Why We May Transfer Your Personal Data

In certain circumstances we may be legally obliged to share personal data and other information with respect to your shareholding with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign regulatory authorities, including tax authorities.

We anticipate disclosing personal data to persons who provide services to us and their respective affiliates (which may include certain entities located outside the United States, the Cayman Islands or the European Economic Area), who will process your personal data on our behalf.

The Data Protection Measures We Take

Any transfer of personal data by us or our duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA. We and our duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of personal data, and against accidental loss or destruction of, or damage to, personal data. We shall notify you of any personal data breach that is reasonably likely to result in a risk to your interests, fundamental rights or freedoms or those data subjects to whom the relevant personal data relates.

SHARES ELIGIBLE FOR FUTURE SALE

We have 35,778,625 Ordinary Shares issued and outstanding as of November 14, 2024. All of the Ordinary Shares issued to the shareholders of ExcelFin in connection with the Business Combination are freely transferable by persons other than by the Sponsor and our affiliates without restriction or further registration under the Securities Act. In addition, Ordinary Shares held by certain shareholders are subject to lock-up restrictions described below. Sales of substantial amounts of Ordinary Shares in the public market could adversely affect prevailing market price of the Ordinary Shares.

Lock-up Arrangements

In connection with the signing of the Business Combination Agreement, ExcelFin, the Sponsor, and each officer, director or board advisor of ExcelFin (each, an "Insider") entered into an Amendment to Letter Agreement to amend the terms of the Insider Letter. Pursuant to this amendment, the Lock-Up in the Insider Letter was amended to provide that the Sponsor and the Insiders may not transfer any founder shares (or any securities into which founder shares are converted or exchangeable pursuant to a Business Combination) until the earlier of:

(iii) one year after the completion of ExcelFin's initial Business Combination and

(iv) subsequent to ExcelFin's Business Combination,

(x) the date on which ExcelFin (or its successor) completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of the Public Stockholders having the right to exchange their shares of Class A Common Stock (or any securities into which shares of Class A Common Stock are converted pursuant to a Business Combination) for cash, securities or other property, or

(y) the date on which the VWAP of the Class A Common Stock (or any securities into which shares of Class A Common Stock are converted or exchangeable pursuant to such Business Combination) equals or exceeds $15.00 per share for any 20 trading days within any 30-trading day period commencing after ExcelFin's Business Combination.

On October 1, 2024, Baird Medical and Betters Medical entered into a lock-up agreement (the "Lock-Up Agreement"), pursuant to which Betters 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 Baird Medical 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 Betters Medical. In addition, the Lock-Up Agreement provides that the Betters 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 Baird Medical occurs with an implied value at or above $12.50 per share.

TAXATION

Certain Material U.S. Federal Income Tax Consequences

The following discussion summarizes certain material U.S. federal income tax considerations generally applicable to the ownership and disposition of Ordinary Shares and Warrants. This discussion addresses only those holders of Ordinary Shares and Warrants that are U.S. Holders (as defined below) and that hold their Ordinary Shares and Warrants as capital assets (generally, property held for investment). This discussion is a summary only and does not consider all aspects of U.S. federal income taxation that may be relevant to a holder of Ordinary Shares or Warrants subject to special rules, including:

- banks, financial institutions or financial services entities;
- brokers;
- dealers or traders in securities, commodities or currencies;
- S corporations, partnerships, or other entities or arrangements classified as partnerships or other pass-through entities for U.S. federal income tax purposes;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- qualified foreign pension funds (and entities wholly owned by one or more qualified foreign pension funds);
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- U.S. expatriates and certain former or long-term residents of the United States;
- holders other than U.S. Holders;
- persons that actually or constructively own five percent or more of our shares (by vote or value);
- persons that acquired Ordinary Shares pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation or in connection with services;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to Ordinary Shares being taken into account in an applicable financial statement;
- controlled foreign corporations;
- passive foreign investment companies;
- persons that hold Ordinary Shares or Warrants as part of a straddle, constructive sale, hedging, conversion or other integrated or similar transaction; and
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar.

Moreover, the discussion below is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof. Those authorities may be repealed, revoked, modified or subject to differing interpretations, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those discussed below. Furthermore, this discussion does not address the impact of alternative minimum tax or Medicare contribution tax on net investment income, or any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws.

We have not sought, and will not seek, a ruling from the IRS as to any U.S. federal income tax consequence described herein. The IRS may disagree with the discussion herein, and its determination may be upheld by a

court. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

As used herein, the term "U.S. Holder" means a beneficial owner of Ordinary Shares or Warrants that for U.S. federal income tax purposes is, or is treated as: (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) it has in effect a valid election to be treated as a U.S. person.

This discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold Ordinary Shares or Warrants through such entities. If a partnership (or other entity or arrangement classified as a partnership or other pass-through entity for U.S. federal income tax purposes) is the beneficial owner of Ordinary Shares or Warrants, the U.S. federal income tax treatment of a partner in the partnership or owner of the other pass-through entity generally will depend on the status of the partner or owner and the activities of the partner and the partnership or the owner and the other pass-through entity. Partnerships and partners of any partnership (and other pass-through entities and owners of any such entities) holding Ordinary Shares or Warrants are urged to consult their tax advisors.

THIS DISCUSSION IS ONLY A SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS ASSOCIATED WITH THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES AND WARRANTS. EACH HOLDER OF ORDINARY SHARES OR WARRANTS IS URGED TO CONSULT ITS TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES OR WARRANTS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NON-U.S. TAX LAWS.

Tax Residence of the Company for U.S. Federal Income Tax Purposes

Although the Company is incorporated and tax resident in the Cayman Islands, following the closing of the First Merger the IRS may assert that it should be treated as a U.S. corporation for U.S. federal income tax purposes pursuant to Section 7874 of the Code. For U.S. federal income tax purposes, a corporation is generally considered a U.S. "domestic" corporation if it is created or organized in or under the laws of the U.S., any state thereof, or the District of Columbia. Because the Company is not so created or organized (but is instead incorporated only in the Cayman Islands), it would generally be classified as a foreign corporation (that is, a corporation other than a U.S. "domestic" corporation) under these rules. Section 7874 of the Code provides an exception to this general rule under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. The rules under Section 7874 of the Code are complex and require analysis of all relevant facts, and there is limited guidance and significant uncertainties as to their application.

Under Section 7874 of the Code, a corporation created or organized outside the U.S. (i.e., a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring the outstanding shares of the U.S. corporation), (ii) the shareholders of the acquired U.S. corporation hold, by vote or value, at least 80% of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the U.S. acquired corporation (the "Section 7874 Percentage"), and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of creation or organization relative to such expanded affiliated group's worldwide activities (the "Substantial Business Activities Exception"). In order to satisfy the Substantial Business Activities Exception, at least 25% of the employees (by headcount and compensation), real and tangible assets, and gross income of the foreign acquiring corporation's "expanded affiliated group" must be based, incurred, located, and derived, respectively, in the country in which the foreign acquiring corporation is created or organized. The Treasury regulations promulgated under Section 7874 of the Code further provide for a number of special rules that aggregate multiple acquisitions of U.S. corporations for purposes of Section 7874 of the

Code that are made as part of a plan or made over a 36-month period, making it more likely that Section 7874 of the Code will apply to a foreign acquiring corporation.

PubCo will indirectly acquire substantially all of the assets of ExcelFin through the First Merger. As a result, Section 7874 of the Code potentially could apply to cause the Company to be treated as a U.S. corporation for U.S. federal income tax purposes following the First Merger depending on whether the Section 7874 Percentage equals or exceeds 80%, subject to the applicability of the Substantial Business Activities Exception.

Based upon the terms of the First Merger, the rules for determining share ownership under Section 7874 of the Code and the Treasury regulations promulgated thereunder, and certain factual assumptions, the Company is not expected to be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code. The calculation of the Section 7874 Percentage is complex, is subject to detailed regulations (the application of which is uncertain in various respects and could be impacted by changes in U.S. tax laws and regulations with possible retroactive effect), and is subject to certain factual uncertainties. Accordingly, there can be no assurance that the IRS will not challenge the status of the Company as a foreign corporation under Section 7874 of the Code or that such challenge would not be sustained by a court. No opinion was or will be provided as to the application of Section 7874 of the Code to the First Merger.

If the IRS were to successfully challenge the Company's status as a foreign corporation for U.S. federal income tax purposes under Section 7874 of the Code, the Company and certain shareholders of the Company could be subject to significant adverse tax consequences, including a higher effective corporate income tax rate on the Company and future withholding taxes on certain shareholders of the Company . In particular, holders of our Securities would be treated as holders of stock and warrants, as the case may be, of a U.S. corporation.

The remainder of this discussion assumes that the Company will not be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code.

Utilization of ExcelFin's Tax Attributes and Certain Other Adverse Tax Consequences to the Company and Shareholders of the Company

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions, as well as result in certain other adverse tax consequences, even if the acquiring foreign corporation is respected as a foreign corporation for purposes of Section 7874 of the Code, if the corporation is treated as a "surrogate foreign corporation". Specifically, Section 7874 of the Code can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation, (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation, and (iii) the foreign corporation's "expanded affiliated group" does not meet the Substantial Business Activities Exception.

Based upon the terms of the First Merger, the rules for determining share ownership under Section 7874 of the Code and the Treasury regulations promulgated thereunder, and certain factual assumptions, the Company expects that the Section 7874 Percentage should be less than 60% after the First Merger. Accordingly, the limitations and other rules described above are not presently expected to apply to the Company.

If the Section 7874 Percentage applicable to the First Merger was at least 60% but less than 80%, the Company and certain shareholders of the Company may be subject to adverse tax consequences including, but not limited to, restrictions on the use of tax attributes with respect to "inversion gain" recognized over a 10-year period following the transaction, disqualification of dividends paid from preferential "qualified dividend income" rates, and the requirement that any U.S. corporation owned by the Company include as "base erosion payments" that may be subject to a minimum U.S. federal income tax any amounts treated as reductions in gross income paid to certain related foreign persons. Furthermore, certain "disqualified individuals" (including officers and directors of a U.S. corporation) may be subject to an excise tax on certain

stock-based compensation at a rate of 20%. Finally, ExcelFin (or related U.S. corporations) would be subject to an excise tax of 1% of the fair market value of stock redeemed by the Company under Section 4501 of the Code. Although the availability of tax attributes to offset "inversion gain" is limited, as a blank check company whose assets are primarily comprised of cash and cash equivalents, it is not expected that ExcelFin will have a significant amount of inversion gain as a result of the First Merger. However, no assurances can be given that inversion gain will not arise in the 10-year period following the transaction.

The determination that the Section 7874 Percentage should be less than 60% after the First Merger is subject to detailed regulations (the application of which is uncertain in various respects and would be impacted by future changes in tax laws and regulations, with possible retroactive effect) and is subject to certain factual uncertainties. Accordingly, there can be no assurance that the IRS will not challenge whether the Company is subject to the above rules or that such a challenge would not be sustained by a court. No opinion was or will be provided as to the application of Section 7874 of the Code to the First Merger. If the IRS successfully applied these rules to the Company, significant adverse tax consequences could result for the Company and for certain shareholders of the Company, including a higher effective tax rate on the Company's U.S. holders.

The remainder of this discussion assumes that the Company will not be treated as a "surrogate foreign corporation" for U.S. federal income tax purposes under Section 7874 of the Code.

Taxation of distributions

Subject to the PFIC rules discussed below, a U.S. Holder generally will be required to include in gross income as dividends the amount of any cash distribution (including the amount of any tax withheld) paid on Ordinary Shares to the extent the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends paid by the Company will be taxable to a corporate U.S. Holder at regular rates and will not be eligible for the dividends-received deduction generally allowed to domestic corporations in respect of dividends received from other domestic corporations. Distributions in excess of such earnings and profits generally will be applied against and reduce (but not below zero) the U.S. Holder's basis in its Ordinary Shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of such Ordinary Shares (see *"*— Gain or loss on sale or other taxable disposition of Ordinary Shares and Warrants" below). The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Any foreign currency gain or loss will be treated as ordinary income or ordinary loss.

For non-corporate U.S. Holders, subject to certain exceptions (including, but not limited to, dividends treated as investment income for purposes of the investment interest deduction limitations), dividends generally will be taxed at the lower rates applicable to long-term capital gains (see "— Gain or loss on sale or other taxable disposition of Ordinary Shares and Warrants" below) only if the Ordinary Shares are readily tradable on an established securities market in the United States, the Company is not treated as a PFIC at the time the dividend is paid or in the preceding taxable year and certain holding period requirements are met. U.S. Holders should consult their tax advisors regarding the availability of such lower rate for any dividends paid with respect to the Ordinary Shares.

For foreign tax credit limitation purposes, dividends will generally be treated as passive category income. In the event we are deemed to be a PRC resident enterprise under the EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the Ordinary Shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the Ordinary Shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing foreign tax credits are complex and U.S. Holders should therefore consult their tax advisors regarding the effect of the receipt of dividends for foreign tax credit limitation purposes.

Gain or loss on sale or other taxable disposition of Ordinary Shares and Warrants

Subject to the PFIC rules discussed below, a U.S. Holder generally will recognize capital gain or loss on the sale or other taxable disposition of Ordinary Shares and Warrants. Any such capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder's holding period for such Ordinary Shares or Warrants exceeds one year at the time of such sale or other taxable disposition.

The amount of gain or loss recognized on a sale or other taxable disposition generally will be equal to the difference between (i) the sum of the amount of cash and the fair market value of any property received in such disposition with respect to the Ordinary Shares or Warrants and (ii) the U.S. Holder's adjusted tax basis in such Ordinary Shares or Warrants, respectively. Long-term capital gain recognized by a non-corporate U.S. Holder is generally eligible to be taxed at reduced rates. The deductibility of capital losses is subject to limitations.

In the event we are deemed to be a PRC resident enterprise under the EIT Law and gain from the disposition of the Ordinary Shares or Warrants is subject to tax in PRC, a U.S. Holder that is eligible for the benefits of the United States-PRC income tax treaty may be able to elect to treat such gain as PRC-source gain for foreign tax credit purposes under the United States-PRC income tax treaty. If a U.S. Holder is not eligible for the benefits of the United States-PRC income tax treaty or fails to treat any such gain as PRC-source, then such U.S. Holder would generally not be able to use any foreign tax credit arising from any PRC tax imposed on the disposition of the Ordinary Shares or Warrants unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category).

Exercise, lapse or redemption of Warrants

Subject to the PFIC rules discussed below and except as discussed below with respect to the cashless exercise of a Warrant, a U.S. Holder generally will not recognize gain or loss upon the acquisition of Ordinary Shares on the exercise of a Warrant for cash. A U.S. Holder's initial tax basis in Ordinary Shares received upon exercise of the Warrant generally will equal the sum of the U.S. Holder's initial tax basis in the Warrant and the exercise price. It is unclear whether a U.S. Holder's holding period for the Ordinary Shares will commence on the date of exercise of the Warrant or the day following the date of exercise of the Warrant; in either case, the holding period will not include the period during which the U.S. Holder held the Warrant. If a Warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to its tax basis in the Warrant.

The tax consequences of a cashless exercise of a Warrant are not clear. A cashless exercise may not be taxable, either because the exercise is not a realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either situation, a U.S. Holder's tax basis in the Ordinary Shares received generally would equal the U.S. Holder's tax basis in the Warrants surrendered. If the cashless exercise were not a realization event, it is unclear whether a U.S. Holder's holding period for the Ordinary Shares will commence on the date of exercise of the Warrants or the day following the date of exercise of the Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the Ordinary Shares would include the holding period of the Warrants.

It is also possible that a cashless exercise may be treated as a taxable exchange of a portion of the Warrants surrendered in which gain or loss would be recognized. In such event, a U.S. Holder may be deemed to have surrendered a number of Warrants having a value equal to the exercise price for the total number of Warrants to be exercised. Subject to the PFIC rules discussed below, the U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Warrants deemed surrendered and the U.S. Holder's tax basis in such Warrants. In this case, a U.S. Holder's tax basis in the Ordinary Shares received would equal the sum of the U.S. Holder's initial tax basis in the Warrants exercised and the exercise price of such Warrants. It is unclear whether a U.S. Holder's holding period for the Ordinary Shares would commence on the date of exercise of the Warrants or the day following the date of exercise of the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which of the alternative tax consequences and holding periods described above would be

adopted by the IRS or a court of law. Accordingly, a U.S. Holder should consult its tax advisor regarding the tax consequences of a cashless exercise.

While not free from doubt, a redemption of Warrants for Ordinary Shares should be treated as a "recapitalization" for U.S. federal income tax purposes. Accordingly, subject to the PFIC rules discussed, a U.S. Holder should not recognize any gain or loss on the redemption of Warrants for Ordinary Shares. In such event, a U.S. Holder's aggregate tax basis in the Ordinary Shares received in the redemption generally should equal the U.S. Holder's aggregate tax basis in the Warrants redeemed and the holding period for the Ordinary Shares should include the U.S. Holder's holding period for the surrendered Warrants. However, there is some uncertainty regarding this tax treatment and it is possible such a redemption could be treated in part as a taxable exchange in which gain or loss would be recognized in a manner similar to that discussed above for a cashless exercise of Warrants. Accordingly, a U.S. Holder is urged to consult its tax advisor regarding the tax consequences of a redemption of Warrants for Ordinary Shares.

Subject to the PFIC rules described below, if Warrants are redeemed for cash or if Warrants are purchased in an open market transaction, such redemption or purchase generally will be treated as a taxable disposition to the U.S. Holder, taxed as described above in "Gain or loss on sale or other taxable disposition of Ordinary Shares and Warrants."

Possible constructive distributions

The terms of each Warrant provide for an adjustment to the number of Ordinary Shares for which the Warrant may be exercised or to the exercise price of the Warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. The U.S. Holders of the Warrants would, however, be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases the U.S. Holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of Ordinary Shares that would be obtained upon exercise) as a result of a distribution of cash or other property to the holders of Ordinary Shares which is taxable to the U.S. Holders of such Ordinary Shares as described in "Taxation of distributions" above. Such constructive distribution would be subject to tax as described in that section in the same manner as if the U.S. Holders of the Warrants received a cash distribution from the Company equal to the fair market value of such increased interest.

Passive foreign investment company rules

The treatment of U.S. Holders of Ordinary Shares and Warrants could be materially different from that described above if the Company is or was treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes if either (i) at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income or (ii) at least 50% of its assets in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year), including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

The determination of whether the Company will be treated as a PFIC for the current taxable year will depend on a number of factors, including the amount of cash held by ExcelFin and Baird Medical and its subsidiaries, among others. Accordingly, there can be no assurances that the Company will not be treated as a PFIC in the current taxable year or any future taxable year. Although the Company's PFIC status will be determined annually, an initial determination that the Company is a PFIC will generally apply for subsequent years to a U.S. Holder who holds Ordinary Shares or Warrants while the Company is a PFIC, whether or not the Company meets the test for PFIC status in subsequent years.

If the Company is determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of Ordinary Shares or Warrants and, in the case of Ordinary Shares, the U.S. Holder did not make an applicable PFIC election (described below), such U.S. Holder generally would be

subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other disposition of its Ordinary Shares or Warrants and (ii) any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the Ordinary Shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for the Ordinary Shares).

Under these rules:

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the Ordinary Shares or Warrants (including any portion of such holding period prior to the Initial Merger);
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of the Company's first taxable year in which the Company was a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

PFIC elections

In general, if the Company is determined to be a PFIC, a U.S. Holder may avoid the adverse PFIC tax consequences described above in respect of the Ordinary Shares (but not the Warrants) by making and maintaining a timely and valid qualified electing fund ("QEF") election (if eligible to do so) to include in income its pro rata share of the Company's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which the Company's taxable year ends. A U.S. Holder generally may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

U.S. Holders of Warrants will not be able to make a QEF election with respect to their Warrants. As a result, if a U.S. Holder sells or otherwise disposes of such Warrants (other than in certain cases upon exercise of such Warrants for cash) and the Company was a PFIC at any time during the U.S. Holder's holding period of such Warrants, any gain recognized may be treated as an excess distribution, taxed as described above. If a U.S. Holder that exercises such Warrants properly makes and maintains a QEF election with respect to the newly acquired Ordinary Shares (or has previously made a QEF election with respect to Ordinary Shares), the QEF election will apply to the newly acquired Ordinary Shares. Notwithstanding such QEF election, the adverse tax consequences relating to PFIC shares, adjusted to take into account the current income inclusions resulting from the QEF election, will continue to apply with respect to such newly acquired Ordinary Shares (which generally will be deemed to have a holding period for purposes of the PFIC rules that includes the period the U.S. Holder held the Warrants), unless the U.S. Holder makes a purging election under the PFIC rules. Under one type of purging election, the U.S. Holder will be deemed to have sold such shares at their fair market value and any gain recognized on such deemed sale will be treated as an excess distribution, as described above. Under another type of purging election, the Company will be deemed to have made a distribution to the U.S. Holder of such U.S. Holder's pro rata share of the Company's earnings and profits as determined for U.S. federal income tax purposes. In order for the U.S. Holder to make the second election, the Company must also be determined to be a "controlled foreign corporation" as defined in the Code, and there are no assurances that the Company will so qualify. As a result of either purging election, the U.S. Holder will have a new basis and holding period in the Ordinary Shares acquired upon the exercise of the Warrants solely for purposes of the PFIC rules.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS

Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC Annual Information Statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a retroactive QEF election under their particular circumstances.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive a PFIC Annual Information Statement from us. However, we do not intend to provide PFIC Annual Information Statements, which will preclude U.S. Holders from making or maintaining a QEF election.

If a U.S. Holder has made a QEF election with respect to Ordinary Shares, and the excess distribution rules discussed above do not apply to such shares (because of a timely QEF election or a purge of the PFIC taint pursuant to a purging election, as described above), any gain recognized on the sale of the Ordinary Shares generally will be taxable as capital gain and no additional tax charge will be imposed under the PFIC rules. As discussed above, if the Company is a PFIC for any taxable year, a U.S. Holder of Ordinary Shares that has made a QEF election will be currently taxed on its pro rata share of the Company's earnings and profits, whether or not distributed for such year. A subsequent distribution of such earnings and profits that were previously included in income generally should not be taxable when distributed to such U.S. Holder. The tax basis of a U.S. Holder's Ordinary Shares for which a QEF election has been made will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. In addition, if the Company is not a PFIC for any taxable year, such U.S. Holder will not be subject to the QEF inclusion regime with respect to the Ordinary Shares for such taxable year.

Alternatively, if the Company is a PFIC and the Ordinary Shares constitute "marketable stock," a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder, at the close of the first taxable year in which it holds (or is deemed to hold) the Ordinary Shares, makes a mark-to-market election with respect to such shares for such taxable year. Such U.S. Holder generally will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Ordinary Shares at the end of such year over its adjusted basis in its Ordinary Shares. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of its Ordinary Shares over the fair market value of its Ordinary Shares at the end of its taxable year (but only to the extent of the net amount of previously included in income as a result of the mark-to-market election). The U.S. Holder's basis in its Ordinary Shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of its Ordinary Shares will be treated as ordinary income. Currently, a mark-to-market election may not be made with respect to Warrants.

The mark-to-market election is available only for "marketable stock," generally, stock that is regularly traded on a national securities exchange that is registered with the SEC, including Nasdaq (on which the Ordinary Shares are listed), or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to the Ordinary Shares under their particular circumstances.

If the Company is a PFIC and, at any time, has a foreign subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if the Company receives a distribution from, or disposes of all or part of the Company's interest in, the lower-tier PFIC or the U.S. Holders otherwise were deemed to have disposed of an interest in the lower-tier PFIC. A mark-to-market election generally would not be available with respect to such lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

A U.S. Holder that owns (or is deemed to own) securities in a PFIC during any taxable year of the U.S. Holder, may have to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is made) and such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations until such required information is furnished to the IRS.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of the Ordinary

Shares and Warrants should consult their tax advisors concerning the application of the PFIC rules to Ordinary Shares and Warrants under their particular circumstances.

Backup Withholding and Tax Reporting

In general, information reporting requirements will apply to dividends received by U.S. Holders of Ordinary Shares (including constructive dividends), and the proceeds received on the disposition of Ordinary Shares and Warrants effected within the United States (and, in certain cases, outside the United States), in each case, other than U.S. Holders that are exempt recipients (such as certain corporations). Backup withholding may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent or the U.S. Holder's broker) or is otherwise subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Cayman Islands Tax Considerations

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties applicable to payments to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, SAT issued SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in SAT Circular 82 may reflect the general position of SAT on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (4) at least 50% of voting board members or senior executives habitually reside in the PRC. We believe that our Cayman Islands holding company, is not a PRC resident enterprise for PRC tax purposes. Our Cayman Islands holding company is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that it meets all of the conditions above. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body". Therefore, there can be no assurance that the PRC government will ultimately take a view that is consistent with ours.

If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the Ordinary Shares. In addition, non-resident enterprise shareholders (including the holders of the Ordinary Shares) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of the Ordinary Shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including the holders of the Ordinary Shares) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction if a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of our Cayman Islands holding company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that our Cayman Islands holding company is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company is not deemed to be a PRC resident enterprise, holders of the Ordinary Shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of the Ordinary Shares. However, under SAT Bulletin 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed thereunder.

PLAN OF DISTRIBUTION

We are registering the issuance by us of up to 11,500,000 Ordinary Shares issuable upon the exercise of the Warrants. Pursuant to the terms of the Warrants, Ordinary Shares will be distributed to those holders who surrender the Warrants and provide payment of the exercise price to us. Upon receipt of proper notice by any of the holders of the Warrants issued that such holder desires to exercise the warrant, we will, within the time allotted by the agreement governing the warrants, issue instructions to our transfer agent to issue Ordinary Shares to the holder. If, at the time the Public Warrants are exercised, this registration statement is effective and the prospectus included herein is current, the Ordinary Shares issued upon the exercise of the Public Warrants will be issued free of a restrictive legend. We could potentially receive up to an aggregate of $132,250,000 from the exercise of the Warrants, assuming the exercise in full of all of these warrants for cash. The likelihood that warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of our Ordinary Shares. Based on the closing price of our Ordinary Shares at $2.87 on November 13, 2024, which is less than the exercise price of $11.50 per share pursuant to the terms of the Warrants, we believe holders of the Warrants will be unlikely to exercise their Warrants, and we are unlikely to receive proceeds from the exercise of Warrants.

We are also registering the resale, from time to time, by the Selling Securityholders, or their permitted transferees, of up to 33,832,033 Ordinary Shares. The aggregate proceeds to the Selling Securityholders from the sale of such securities will be the purchase price of the securities less any discounts and commissions. The Selling Securityholders will pay any underwriting discounts and commissions and expenses incurred by the Selling Securityholders for brokerage, accounting, tax or legal services or any other expenses incurred by the Selling Securityholders in disposing of the securities. We will bear all other costs, fees and expenses incurred in effecting the registration of the securities covered by this prospectus, including, without limitation, all registration and filing fees, Nasdaq listing fees and fees and expenses of our counsel and our independent registered public accountants.

The Selling Securityholders reserve the right to accept and, together with their respective agents, to reject, any proposed purchases of Registered Securities to be made directly or through agents. We will not receive any of the proceeds from the sale of the securities registered hereby by the Selling Securityholders.

Upon effectiveness of the registration statement of which this prospectus forms a part, the securities covered by this prospectus that are beneficially owned by the Selling Securityholders may be offered and sold from time to time by the Selling Securityholders. Notwithstanding the foregoing, Selling Securityholders subject to our insider trading policy, and any members of their immediate families, are subject to our regular pre-clearance procedures for trading of our securities. For lock-up arrangement applicable to certain securities covered by this prospectus that are beneficially owned by the Selling Securityholders, see “Shares Eligible for Future Sale — Lock-up Agreements.”

Selling Securityholders may also be subject to the restrictions on transfer of shares of Rule 144 of the Securities Act if such Selling Securityholder is deemed an “affiliate” of us. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with, us and may include the executive officers, directors and significant shareholders of us.

The term “Selling Securityholders” includes pledgees, donees, transferees, assignees or other successors in interest (that receive any of the securities as a gift, distribution, or other non-sale related transfer) of the Selling Securityholders named in this prospectus. The Selling Securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. Such sales may be made on one or more exchanges or in the over-the-counter market or otherwise, at prices and under terms then prevailing or at prices related to the then current market price or in negotiated transactions. The Selling Securityholders and any of their permitted transferees may sell their securities offered by this prospectus on any stock exchange, market or trading facility on which the securities are traded or in private transactions.

The Registered Securities offered by the Selling Securityholders under this prospectus may be sold from time to time to purchasers:

- directly by the Selling Securityholders;
- to or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or agent’s commissions from the Selling Securityholders or the purchasers of the Registered Securities;

- through trading plans entered into by a Selling Securityholder pursuant to Rule 10b5-1 under the Exchange Act that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- block trades in which the broker-dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- directly to purchasers, including through a specific bidding, auction or other process or in privately negotiated transactions;
- through the writing of options (including the issuance by the Selling Securityholders of derivative securities), whether the options or such other derivative securities are listed on an options exchange or otherwise;
- through an exchange distribution in accordance with the rules of the applicable exchange;
- in "at the market" offerings, as defined in Rule 415 under the Securities Act, at negotiated prices, at prices prevailing at the time of sale or at prices related to such prevailing market prices, including sales made directly on a national securities exchange or sales made through a market maker other than on an exchange or other similar offerings through sales agents;
- through one or more underwritten offerings on a firm commitment or best efforts basis;
- through the settlement of short sales,
- any other method permitted pursuant to applicable law; and
- a combination of any such methods of sale.

Any underwriters, broker-dealers or agents who participate in the sale or distribution of the Registered Securities may be deemed to be "underwriters" within the meaning of the Securities Act. As a result, any discounts, commissions or concessions received by any such broker-dealer or agents who are deemed to be underwriters will be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters are subject to the prospectus delivery requirements of the Securities Act and may be subject to certain statutory liabilities under the Securities Act and the Exchange Act. We will make copies of this prospectus available to the Selling Securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. To our knowledge, there are currently no plans, arrangements or understandings between the Selling Securityholders and any underwriter, broker-dealer or agent regarding the sale of the Registered Securities by the Selling Securityholders.

The Registered Securities may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- prices related to such prevailing market prices;
- varying prices determined at the time of sale; or
- negotiated prices.

These sales may be effected in one or more transactions:

- on any securities exchange or quotation service on which the Registered Securities may be listed or quoted at the time of sale, including Nasdaq;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market;
- any other method permitted by applicable law; or
- through any combination of the foregoing.

In connection with the sales of our securities, the Selling Securityholders may enter into hedging transactions with broker-dealers or other financial institutions that, in turn, may:

- engage in short sales of the securities in the course of hedging their positions;
- sell the securities short and deliver the securities to close out short positions;
- loan or pledge the securities to broker-dealers or other financial institutions that in turn may sell the securities;
- enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to the broker-dealer or other financial institution of the securities, which the broker-dealer or other financial institution may resell; or
- enter into transactions in which a broker-dealer makes purchases as a principal for resale for its own account or through other types of transactions.

In addition, a Selling Securityholder that is an entity may elect to make a *pro rata* in-kind distribution of securities to its members, partners or stockholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus with a plan of distribution. Such members, partners or stockholders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement. To the extent a distributee is an affiliate of ours (or to the extent otherwise required by law), we may file a prospectus supplement in order to permit the distributees to use the prospectus to resell the securities acquired in the distribution. The Selling Securityholder also may transfer the securities in other circumstances, in which case the transferees, pledgees or other successors-in-interest will be the selling beneficial owners for purposes of this prospectus.

At the time a particular offering of the Registered Securities is made, a prospectus supplement, if required, will be distributed, which will set forth the name of the Selling Securityholders, the aggregate amount of Registered Securities being offered and the terms of the offering, including, to the extent required, (1) the name or names of any underwriters, broker-dealers or agents, (2) any discounts, commissions and other terms constituting compensation from the Selling Securityholders and (3) any discounts, commissions or concessions allowed or reallowed to be paid to broker-dealers. We may suspend the sale of the Registered Securities by the Selling Securityholders pursuant to this prospectus for certain periods of time for certain reasons, including if the prospectus is required to be supplemented or amended to include additional material information.

There can be no assurance that the Selling Securityholders will sell any or all of the Registered Securities under this prospectus. Further, we cannot assure you that the Selling Securityholders will not transfer, distribute, devise or gift the Registered Securities by other means not described in this prospectus. In addition, any Registered Securities covered by this prospectus that qualify for sale under Rule 144 of the Securities Act may be sold under Rule 144 rather than under this prospectus. The Registered Securities may be sold in some states only through registered or licensed brokers or dealers. In addition, in some states the Registered Securities may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification is available and complied with.

The Selling Securityholders and any other persons participating in the sale of the Registered Securities will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the Registered Securities by the Selling Securityholders and any other person. In addition, Regulation M may restrict the ability of any person engaged in the distribution of the Registered Securities to engage in market-making activities with respect to the particular Registered Securities being distributed. This may affect the marketability of the Registered Securities and the ability of any person or entity to engage in market-making activities with respect to the Registered Securities.

With respect to those Registered Securities being registered pursuant to the A&R Registration Rights Agreement, the Subscription Agreement and the Backstop Agreement, we and the Selling Securityholders have agreed to indemnify or hold harmless each other and certain related persons against certain liabilities, including certain liabilities under the Securities Act. The Selling Securityholders may also indemnify any broker or underwriter that participates in transactions involving the sale of the Registered Securities against certain liabilities, including liabilities arising under the Securities Act.

For additional information regarding expenses of registration, see the section titled “Use of Proceeds.”

EXPENSES RELATED TO THE OFFERING

We estimate the following expenses in connection with the offer and sale of our Ordinary Shares by the Selling Securityholders. With the exception of the SEC Registration Fee, all amounts are estimates.

SEC registration fee	$ 35,942
FINRA filing fee	—
Legal fees and expenses	45,000
Accountants' fees and expenses	150,000
Printing expenses	3,000
Transfer agent fees and expenses	1,000
Miscellaneous costs	10,000
Total	$244,942

* These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be defined at this time.

Under agreements to which we are party with the Selling Securityholders, we have agreed to bear all expenses relating to the registration of the resale of the securities pursuant to this prospectus.

LEGAL MATTERS

We are being represented by Wilson Sonsini Goodrich & Rosati, Professional Corporation with respect to certain legal matters as to United States federal securities and New York State law, and by Conyers Dill & Pearman with respect to certain legal matters as to Cayman Islands law. Wilson Sonsini Goodrich & Rosati, Professional Corporation may rely upon Conyers Dill & Pearman with respect to matters governed by Cayman Islands law.

EXPERTS

The financial statements of ExcelFin Acquisition Corp. as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 included in this prospectus have been audited by Marcum LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein (which contains an explanatory paragraph relating to substantial doubt about the ability of ExcelFin Acquisition Corp. to continue as a going concern), and are included in reliance upon the report of such firm given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Baird Medical Investment Holdings Limited as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 included in this prospectus have been audited by Marcum Asia CPAs LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the periodic reporting and other information requirements of the Exchange Act as applicable to a "Foreign Private Issuer," and we will file annual reports and other information from time to time with the SEC in accordance with such requirements. Our SEC filings will be available to the public on the internet at a website maintained by the SEC located at *www.sec.gov*.

We also maintain an Internet website at bairdmed.com. Through the "Investor Relations" portal available through our website, we will make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: our Annual Reports on Form 20-F; our reports on Form 6-K; amendments to these documents; and other information as may be required by the SEC. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this prospectus.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

INDEX TO FINANCIAL STATEMENTS

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	$23,749,631	$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	11,491,029	9,503,260
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	(6,401,860)	(6,509,884)
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	$ 4,330,267	$ 2,330,359
Other comprehensive loss		
Foreign currency translation adjustment	$ (828,730)	$ (1,319,586)
Other comprehensive loss attributable to Baird Medical Investment Holdings Limited's shareholders	(828,730)	(1,319,586)
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	$ 3,501,537	$ 1,010,773
Basic and diluted earnings per common share*	$ 0.15	$ 0.08
Weighted average number of share outstanding – basic and diluted*	29,411,765	29,411,765

* 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	29,411,765	$2,941	$18,850,292	4,513,182	$6,173,732	$ (2,596,020)	$26,944,127	$(130,941)	$26,813,186

	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	29,411,765	$2,941	$18,850,292	4,557,151	$18,675,649	$ (2,833,852)	$39,252,181	$ 1,471	$39,253,652

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	(3,960,397)	642,946
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(484,839)	(1,264,414)
Net cash used in investing activities	(484,839)	(1,264,414)
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	4,457,217	(558,861)
Effect of exchange rate changes	(20,051)	13,764
Net change in cash	(8,070)	(1,166,565)
Cash at beginning of year	$ 1,510,484	$ 1,710,926
Cash at end of period	$ 1,502,414	$ 544,361
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 Betters Medical Investment Holdings Limited.

On October 1, 2024 (the "Closing Date"), ExcelFin Acquisition Corp., a Delaware corporation ("SPAC"), Betters 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"), Betters Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo ("Merger Sub 1"), Betters Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned Subsidiary of PubCo ("Merger Sub 2"), and Betters Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly-owned Subsidiary of Betters ("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.

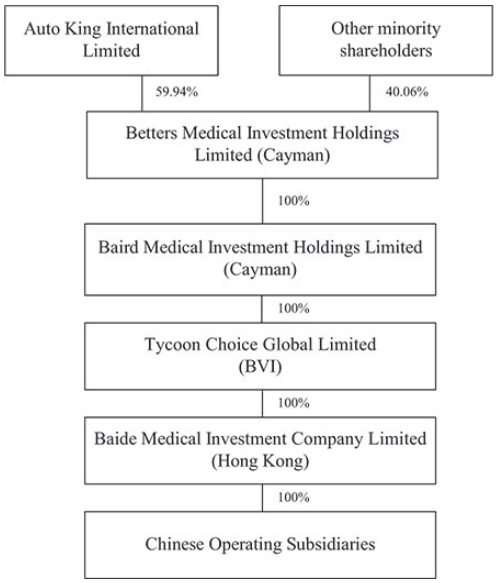
The Company's ordinary shares, par value $0.0001 per share (the "Ordinary Shares"), and the redeemable warrants to acquire one Ordinary Share at an exercise price of $11.50 per Ordinary Share ("Warrants") are trading on the Nasdaq Capital Market ("Nasdaq") under the symbols "BDMD" and "BDMD W", respectively.

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").

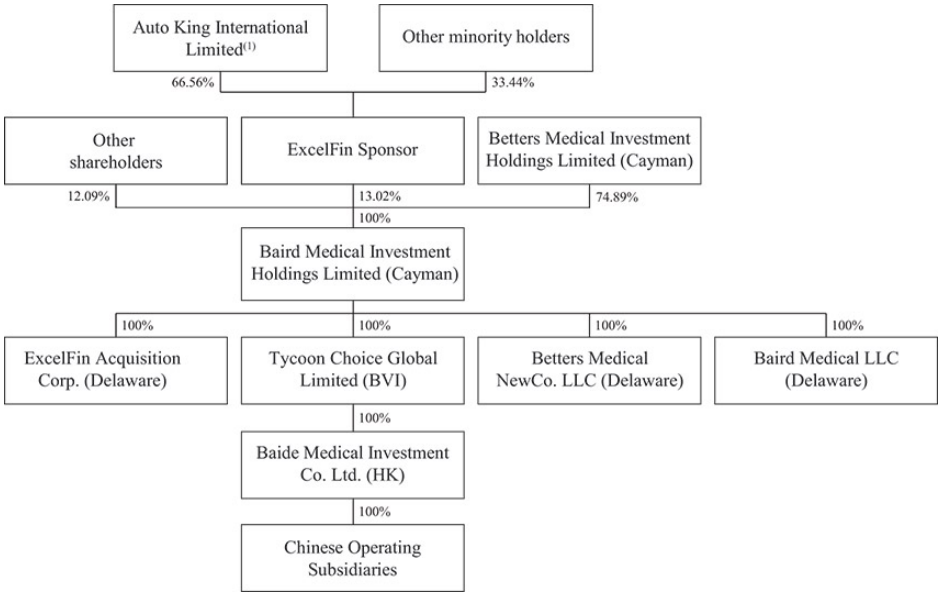
As the Company was under same control of the shareholders and the Company's entire equity interests were also ultimately held by the shareholders immediately prior to the reorganization, the consolidated statements of income and comprehensive income, consolidated statements of changes inequity and consolidated 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
Betters 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
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

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation	Shareholders	% of Equity Ownership	Principal Activities
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 distributers, 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 though 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. Surcharge 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 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	$34,502,263	$31,099,891

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	$(2,776,620)	$(1,045,436)

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	December 31, 2023
	(Unaudited)	(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
	$37,278,883	$33,941,083

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	$1,118,800	$1,142,569

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	15,236,160	13,518,421
Less: impairment loss	(4,888)	(5,002)
Subtotal, net	15,231,272	13,513,419
Less: Long term portion	(5,993,269)	(7,698,728)
Prepayments, net – current portion	$ 9,238,003	$ 5,814,691

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	$(4,888)	$(5,002)

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	$ 155,272	$ 120,485

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	$(109,790)	$ —

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	$ 7,886,814	$ 6,138,694

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	$ 20,750	$ 25,479

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	$20,750

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	December 31, 2023
	(Unaudited)	
Financial liabilities	$1,985,052	$2,431,064
Less: current portion	(834,449)	(817,485)
Long-term loan	$1,150,603	$1,613,579

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	$ 834,449

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., Betters Medical Merger Sub 2, Inc. and Baird Medical LLC. Better Medical Merger Sub Inc. and Betters 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	$211,887	$770,953

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 Betters 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)	(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	December 31, 2023
	(Unaudited)	
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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Baird Medical Investment Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Baird Medical Investment Holdings Limited (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

We have served as the Company's auditor since 2022.

New York, NY
June 20, 2024

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 1,510,484	$ 1,710,926
Accounts receivable, net	31,099,891	24,371,640
Inventories	1,142,569	1,293,249
Prepayments, net	5,814,691	5,799,084
Deposits and other assets, net	120,485	196,999
Due from related parties	394,582	391,718
Total Current Assets	40,082,702	33,763,616
NON-CURRENT ASSETS		
Property and equipment, net	6,138,694	1,471,503
Intangible assets, net	25,479	49,481
Deferred tax assets	814,372	206,221
Right-of-use assets	861,331	1,256,704
Deferred offering costs	875,258	—
Goodwill	59,375	61,140
Prepayments – non current	7,698,728	5,762,918
Deposits and other assets – non current	152,450	45,946
Total Non-Current Assets	16,625,687	8,853,913
Total Assets	$56,708,389	$42,617,529
CURRENT LIABILITIES		
Short-term bank loans	8,166,400	6,234,414
Tax payables	770,953	1,795,225
Salaries and benefits payable	750,635	611,088
Contract liability	499,905	692,511
Short-term lease liabilities	503,891	389,630
Accounts payable	550,188	215,863
Amounts due to a related party	3,785,250	4,020,769
Accrued listing expenses payable	2,172,651	1,938,122
Accrued expenses and other payables	864,687	104,948
Deferred tax liabilities	93,389	20,321
Long-term loan – current portion	817,485	—
Total Current Liabilities	18,975,434	16,022,891
NON-CURRENT LIABILITIES		
Long-term lease liabilities	412,121	816,878
Long-term loan – non current	1,613,579	—
Total Non-Current Liabilities	2,025,700	816,878
Total Liabilities	$21,001,134	$16,839,769
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 December 31, 2023 and 2022*	2,941	2,941
Additional paid-in capital	18,850,292	18,850,292
Statutory reserve	4,508,366	4,395,319
Retained earnings	14,394,167	3,961,236
Accumulated other comprehensive loss	(2,005,122)	(1,276,434)
Total Baird Medical Investment Holdings Limited's Shareholders' Equity	35,750,644	25,933,354
Non-controlling interests	(43,389)	(155,594)
Total Liabilities and Equity	$56,708,389	$42,617,529

* 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 audited consolidated financial statements.

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the years ended December 31,	
	2023	**2022**
Revenues	$ 31,457,908	$ 35,091,174
Cost of revenues	(4,227,409)	(7,054,323)
Gross profit	27,230,499	28,036,851
Operating expenses:		
Selling and marketing expenses	(2,547,000)	(3,585,138)
General and administrative expenses	(8,546,880)	(6,960,604)
Research and development expenses	(4,274,894)	(3,859,392)
Total operating expenses	(15,368,774)	(14,405,134)
Income from operations	11,861,725	13,631,717
Interest expense	(285,833)	(299,269)
Interest income	1,562	8,553
Subsidy income	791,959	1,375,447
Other expenses, net	(10,211)	(194,580)
Income before income tax	12,359,202	14,521,868
Income tax provision	(1,701,019)	(1,746,897)
Net income	10,658,183	12,774,971
Less: net income attributable to non-controlling interests	(112,205)	(206,221)
Net income attributable to Baird Medical Investment Holdings Limited's shareholders	$ 10,545,978	$ 12,568,750
Other comprehensive loss		
Foreign currency translation adjustment	$ (728,688)	$ (1,506,905)
Less: foreign currency translation loss attributable to non-controlling interests	—	—
Other comprehensive loss attributable to Baird Medical Investment Holdings Limited's shareholders	$ (728,688)	$ (1,506,905)
Comprehensive income	9,929,495	11,268,066
Non-controlling interests	(112,205)	(206,221)
Comprehensive income attributable to Baird Medical Investment Holdings Limited's shareholders	$ 9,817,290	$ 11,061,845
Basic and diluted earnings per common share	$ 0.36	$ 0.43
Weighted average number of share outstanding – basic and diluted	29,411,765	29,411,765

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

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

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 January 1, 2022	—	$ —	$18,846,942	3,020,971	$ (7,233,166)	$ 230,471	$ 14,865,218	$ (358,465)	$14,506,753
Issuance of common stocks	29,411,765	2,941	—	—	—	—	2,941	—	2,941
Net income	—	—	—	—	12,568,750	—	12,568,750	206,221	12,774,971
Appropriation of statutory reserve	—	—	—	1,374,348	(1,374,348)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(1,506,905)	(1,506,905)	—	(1,506,905)
Repurchase of non-controlling interests	—	—	3,350	—	—	—	3,350	(3,350)	—
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	—	—	—	—	10,545,978	—	10,545,978	112,205	10,658,183
Appropriation of statutory reserve	—	—	—	113,047	(113,047)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(728,688)	(728,688)	—	(728,688)
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

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

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$10,658,183	$ 12,774,971
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,014,387	916,115
Deferred tax benefit	(541,987)	(143,317)
Allowance for credit losses	2,221,430	438,997
Prepaid and other current assets provision	117,679	—
Loss from disposal of property and equipment	—	(5,421)
Amortization of right-of-use assets	366,427	553,916
Changes in assets and liabilities:		
Accounts receivable	(9,674,507)	(14,839,326)
Inventories	113,661	1,568,326
Prepayments	(5,292,606)	(3,566,229)
Deposits and other assets	(149,773)	115,053
Right-of-use assets	(9,102)	(881,431)
Accounts payable	341,525	(100,934)
Contract liabilities	(173,101)	45,449
Lease liabilities	(253,605)	389,481
Accrued expenses and other payables	1,213,891	1,343,230
Taxes payable	(972,466)	1,139,858
Income tax receivables	—	737,230
Net cash (used in) provided by operating activities	(1,019,964)	485,968
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,638,488)	(5,909,308)
Purchase of intangible assets	—	(44,821)
Proceeds from disposal of equipment	—	32,665
Net cash used in investing activities	(2,638,488)	(5,921,464)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	9,601,600	9,065,240
Repayments of short-term bank loans	(7,483,600)	(4,606,925)
Proceeds from long-term loan	2,548,794	—
Payment of long-term loan	(194,041)	—
Due from related parties	48,120	301,454
Due to a related party	(182,010)	(347,851)
Payment of listing cost	(877,745)	—
Net cash provided by financing activities	3,461,118	4,411,918
Effect of exchange rate changes	(3,108)	(297,647)
Net change in cash	(200,442)	(1,321,225)
Cash at beginning of year	$ 1,710,926	$ 3,032,151
Cash at end of the year	$ 1,510,484	$ 1,710,926
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 2,644,786	$ 1,439,558
Cash paid for interest	$ 261,323	$ 243,838
SUPPLEMENTAL DISCLOSURE OF NONCASH FLOW INFORMATION:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 19,701	$ 907,952

The accompanying notes are an integral part of these audited 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 Betters Medical Investment Holdings Limited.

In anticipation of an initial public offering of its equity securities, the Company undertook a reorganization (the "Reorganization"). The Company was formed for the purpose of becoming the ultimate parent company of Tycoon Choice Global Limited following the transactions contemplated in the Business Combination Agreement ("the Transaction"), dated June 26, 2023. On June 26, 2023, the Company entered into the Business Combination Agreement with ExcelFin Acquisition Corp, a Delaware corporation ("ExcelFin"), Betters Medical Investment Holdings Limited, a Cayman Islands exempted company ("Baird Medical"), 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"), Baird Medical Investment Holdings Limited, and Betters Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo ("Merger Sub"). The Business Combination Agreement provides for the combination of ExcelFin and Tycoon under PubCo, a new holding company, as its direct, wholly-owned subsidiaries. The Company maintains one direct wholly owned subsidiary, Betters Medical Merger Sub, Inc ("Merger Sub"), a Cayman Islands exemption company. Merger Sub was incorporated on June 16, 2023 to facilitate the consummation of the Business Combination Agreement.

Pursuant to the Business Combination Agreement, among other things, (1) on August 3, 2023, Baird Medical contributed all of the issued and outstanding shares of Tycoon ("Tycoon Shares") to PubCo in exchange for ordinary shares of PubCo ("PubCo Ordinary Shares") with a pre-transaction equity value of $300 million (the "Share Contribution"), Tycoon became a wholly-owned subsidiary of PubCo and Baird Medical was issued 29,411,764 PubCo Ordinary Shares; and (2) at the Effective Time, Merger Sub will merge with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo (the "Merger"), as a result of which (a) the issued and outstanding shares of Class A Common Stock and Class B Common Stock of ExcelFin (collectively, the "SPAC Stock") immediately prior to the effective time of the Merger (the "Effective Time") shall be exchanged for PubCo Ordinary Shares concurrently with the Merger; and (b) the holders of public warrants to purchase one share of ExcelFin Class A Common Stock (the "Public Warrants") shall will receive warrants issued by PubCo to acquire an equal number of PubCo Ordinary Shares (the "PubCo Warrants").

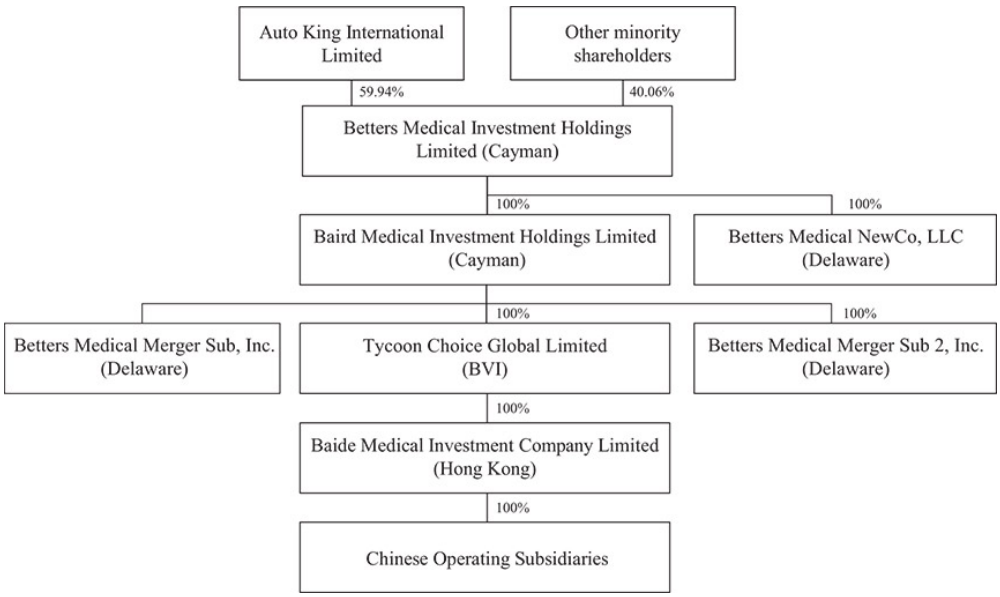
Following the consummation of the above transactions, ExcelFin will be a wholly owned subsidiary of PubCo, and Tycoon will be a wholly owned subsidiary of PubCo. Tycoon will hold approximately 99% of the issued and outstanding equity of its underlying operating subsidiaries.

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").

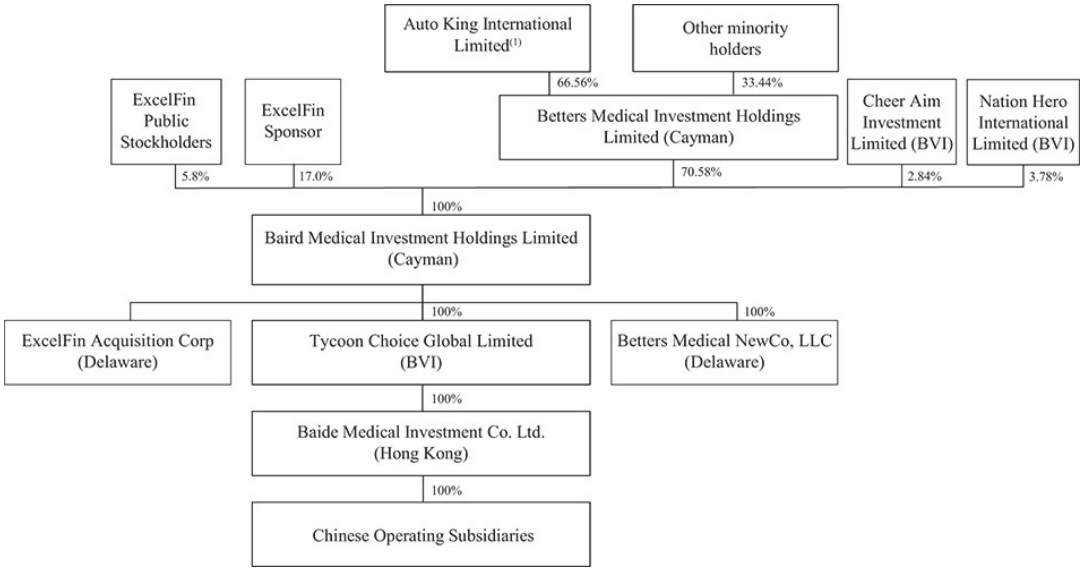
As the Company were under same control of the shareholders and their entire equity interests were also ultimately held by the shareholders immediately prior to the reorganization, the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the two-year period ended December 31, 2023, 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 Combined Company and Baird Medical's structure before and after the Business Combination

The ownership structure of Baird Medical before Closing is 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
Betters Medical Merger Sub. Inc. (“Merger Sub”)	June 16, 2023	Delaware (US)	PubCo	100%	Holding
Baird Medical LLC	November 29, 2023	Delaware (US)	PubCo	100%	Sales of MWA medical devices
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
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

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation	Shareholders	% of Equity Ownership	Principal Activities
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 were 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 audited 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 audited 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 audited 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 are 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 $2.0 million and $1.3 million as of December 31, 2023 and 2022, respectively. The balance sheet amounts, with the exception of shareholders' equity at December 31, 2023 and 2022 were translated at RMB7.0999 and RMB6.8972 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 years ended December 31, 2023 and 2022 were RMB7.0809 and RMB6.7290 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 December 31, 2023 and 2022, 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, 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 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.

The change in the estimated credit loss rate was applied prospectively starting in the period 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 are 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 years ended December 31, 2023 and 2022, the credit period granted to the customers stipulated under contract was generally for a period within 90 days. The Company's accounts receivable consist primarily

of distributers, deliverers and hospitals. The Company accrued $2.2 million and $0.4 million credit loss in expected for the years ended December 31, 2023 and 2022, 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.

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 December 31, 2023 and 2022, there was $5,002 and nil allowance for the credit losses, respectively.

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 December 31, 2023 and 2022, there was $0.1 million and nil allowance for the credit losses, respectively.

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 the years ended December 31, 2023 and 2022.

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 Group 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 though 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 years ended December 31, 2023 and 2022.

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 year ended December 31, 2023 and 2022, there is no significant sales return.

Value-added taxes and surcharges

The Company presents revenue net of value-added taxes ("VAT") and surcharges incurred. Surcharge 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 years ended December 31, 2023 and 2022 that was previously included in the contract liabilities balances was $0.2 million and $0.1 million, respectively.

The Company's contract liabilities amounted to $0.5 million and $0.7 million as of December 31, 2023 and 2022, respectively. The revenue expected to be recognized on the remaining performance obligations of these contracts as of December 31, 2023 will be $0.5 million for the year ending December 31, 2024.

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 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.

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 the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022, the Company received financial subsidies of $0.8 million and $1.4 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 $0.1 million and $1.4 million to statutory reserves during the years ended December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022, 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, 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 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.

The change in the estimated credit loss rate was applied prospectively starting in the period 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
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 ending December 31, 2022 and interim periods during the year ending 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 Group 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.

NOTE 4 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of December 31,	
	2023	2022
Accounts receivable	$33,941,083	$25,016,309
Less: allowance for credit losses	(2,841,192)	(644,669)
Accounts receivable, net	$31,099,891	$24,371,640

The Company's accounts receivable consist primarily of distributors and direct customers. The Company recorded a provision for current expected credit loss. The balance of gross accounts receivable was $34.0 million and $25.0 million as of December 31, 2023 and 2022, against which write-off of accounts receivable of $0.2 million and $0.2 million was made as of December 31, 2023 and 2022, and an allowance for expected credit losses of $2.8 million and $0.6 million was made as of December 31, 2023 and 2022.

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

	For the years ended December 31,	
	2023	2022
Balance at the beginning of the year	$ (644,669)	$(234,190)
Additions charged to allowance for expected credit losses	(2,221,430)	(438,997)
Foreign currency translation adjustments	24,907	28,518
Balance at the end of the year	$(2,841,192)	$(644,669)

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 grants 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:

	For the years ended December 31,	
	2023	2022
Not Overdue	$ 9,941,205	$12,250,013
Within 90 days	10,373,938	6,148,247
Between 3 and 6 months	6,188,966	5,287,519
Between 6 months and a year	5,982,205	1,146,200
Over a year	1,454,769	184,330
	$33,941,083	$25,016,309

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 $4.4 million of these receivables for bank loans. 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.

As of December 31, 2023, the value of accounts receivable used as collateral for such bank loans in favor of CITIC was $4.4 million, as reflected in the Company's consolidated balance sheets collateralized. The amount outstanding under the loans as of December 31, 2023 was $2.8 million, with annual interest rates of either 3.95% or 4.15%, depending on the particular interest rate of such secured loan. The accrued interest on the loans was $0.02 million for the year ended December 31, 2023. These bank loans were repaid according to CITIC's 2024 repayment schedule.

The collateralized accounts receivable is not permitted to be sold, transferred or refinanced without CITIC's written consent.

NOTE 5 — INVENTORIES

	As of December 31,	
	2023	2022
Finished goods	$ 312,871	$ 477,345
Raw materials	516,346	485,149
Work in progress	313,352	330,755
Inventories	$1,142,569	$1,293,249

NOTE 6 — PREPAYMENTS, NET

Prepayments consisted of the following:

	As of December 31,	
	2023	2022
Prepayment for R&D	$ 7,649,949	$ 3,482,467
Prepayment for purchase of property and equipment	2,528,912	5,762,918
Prepayment for purchase of materials and others	2,726,440	880,825
Prepaid expense for others	613,120	1,435,792
Subtotal	13,518,421	11,562,002
Less: impairment loss	(5,002)	—
Subtotal, net	13,513,419	11,562,002
Less: Long term portion	(7,698,728)	(5,762,918)
Prepayments, net – current portion	$ 5,814,691	$ 5,799,084

Prepayments as of December 31, 2023 and 2022 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 recognises 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 recognised as prepayment.

The movement of prepayment impairment loss is as follows:

	For the years ended December 31,	
	2023	2022
Balance at the beginning of the year	$ —	$ —
Additions charged to the impairment loss	(5,016)	—
Foreign currency translation adjustments	14	—
Balance at the end of the year	$(5,002)	$ —

NOTE 7 — DEPOSITS AND OTHER ASSETS, NET

Deposits and other assets, net consisted of the following:

	As of December 31,	
	2023	2022
Deposits	$ 217,658	$182,050
Other receivables	167,620	60,895
Subtotal	$ 385,278	$242,945
Less: allowance of credit loss	(112,343)	—
Subtotal, net	$ 272,935	$242,945
Less: Long term portion	(152,450)	(45,946)
Deposits and other assets- current portion	$ 120,485	$196,999

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

	For the years ended December 31,	
	2023	2022
Balance at the beginning of the year	$ —	$ —
Additions charged to allowance for expected credit losses	(112,663)	—
Foreign currency translation adjustments	320	—
Balance at the end of the year	$(112,343)	$ —

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 December 31, 2023 and 2022, deferred offering costs are $875,258 and nil respectively.

NOTE 9 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	As of December 31,	
	2023	2022
Leasehold improvement	$ 4,656,762	$ 2,607,048
Machinery	4,227,161	659,712
Furniture, fixtures and equipment	447,902	460,366
Motor vehicles	42,326	43,585
Medical equipment	341,168	365,415
Total	9,715,319	4,136,126
Less: Accumulated depreciation	(3,576,625)	(2,664,623)
Property and equipment, net	$ 6,138,694	$ 1,471,503

Depreciation expense was $991,750 and $862,568 for the years ended December 31, 2023 and 2022, respectively. No impairment loss was recognized for the years ended December 31, 2023 and 2022.

NOTE 10 — INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of December 31,	
	2023	2022
Patent	$ 253,440	$ 260,975
Software	42,465	43,728
Less: accumulated amortization	(270,426)	(255,222)
Intangible assets, net	$ 25,479	$ 49,481

The amortization expense was $22,637 and $53,547 for the years ended December 31, 2023 and 2022, respectively. Estimated future amortization expense is as follows:

Years ending December 31,	Amortization expense
2024	$ 8,493
2025	8,493
2026	8,493
Total	$25,479

No impairment loss was recognized for the years ended December 31, 2023 and 2022.

NOTE 11 — SHORT-TERM BANK LOANS

Short-term bank loans are working capital loans from banks in China. 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**

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

Short-term bank loans as of December 31, 2022 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount-RMB	Amount-US$
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	4.450%	August 16, 2022	May 15, 2023	4,000,000	579,945
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	4.350%	March 22, 2022	March 21, 2023	6,000,000	869,918
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.950%	December 29, 2022	June 28, 2023	10,000,000	1,449,864
China Merchants Bank Guangzhou Guanggang New City Sub-branch	Baide Suzhou	Domestic letter of credit	2.610%	July 8, 2022	July 7, 2023	10,000,000	1,449,864
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Domestic letter of credit	2.000%	August 9, 2022	August 8, 2023	10,000,000	1,449,864
Bank of Nanjing	Nanjing Changcheng	Baide Suzhou	4.050%	November 29, 2022	November 28, 2023	3,000,000	434,959
Total						**43,000,000**	**6,234,414**

Interest expense was $227,923 and $243,838 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 — LONG-TERM LOAN

Long-term loan consisted of the following:

	As of December 31,	
	2023	2022
Financial liabilities	$2,431,064	$ —
Less: current portion	(817,485)	—
Long-term loan – non current	$1,613,579	$ —

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 December 31, 2023, the outstanding balance under the sale and leaseback agreements of Nanjing Changcheng was $2.4 million. The agreements 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 December 31, 2023 were as follows:

Years ending December 31,	
2024	$ 1,004,952
2025	1,004,952
2026	753,727
Total future loan payments	$ 2,763,631
Less: imputed interest	(332,567)
Total long-term loan	$ 2,431,064
Less: Long term portions	(1,613,579)
Long-term loan – current portions	$ 817,485

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 December 31, 2023 and 2022, the Company recorded right-of-use assets of approximately $0.9 million and $1.3 million and lease liabilities of approximately $0.9 million and $1.2 million, respectively, for operating leases as a lessee. Supplemental cash flow information related to operating leases was as follows:

	For the Year Ended December 31,	
	2023	2022
Cash payments for operating leases	$326,125	$515,147
Right-of-use assets obtained in exchange for operating lease liabilities	19,701	907,952

Future lease payments under operating leases as of December 31, 2023 were as follows:

Years ending December 31,	Operating leases
2024	$ 540,715
2025	270,887
2026	118,042
2027	30,257
Total future lease payments	$ 959,901
Less: imputed interest	(43,889)
Total lease liabilities	$ 916,012
Less: Long term portions	(412,121)
Lease liabilities – current portions	$ 503,891

The weighted-average remaining lease term was 2 years and 3 years as of December 31, 2023 and 2022, respectively.

The weighted-average discount rate used to determine the operating lease liability as of December 31, 2023 and 2022 was 5.69% and 6%, respectively.

Operating lease expenses for the years ended December 31, 2023 and 2022 was $0.4 million and $0.6 million, respectively.

No lease contract was early terminated for the years ended December 31, 2023 and 2022.

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 two U.S. subsidiaries Better Medical Merger Sub Inc. ("Merger Sub") and Baird Medical LLC. Better Medical Merger Sub Inc. is an inactive holding company. Baird Medical LLC's business is to sell MWA medical devices but had no sales in FY 2023. Therefore, there is no income tax provision for these entities in FY 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 years ended December 31, 2023 and 2022. Therefore, no Hong Kong profit tax was provided for the years ended December 31, 2023 and 2022.

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 years ended December 31, 2023 and 2022.

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 $141,225, 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 $423,675, of the assessable profit before tax is subject to the tax rate of 20%.

The components of the income tax provision are as follows:

	For the years ended December 31,	
	2023	2022
Current tax expense	$2,243,006	$1,890,214
Deferred tax benefit	(541,987)	(143,317)
Income tax provision	$1,701,019	$1,746,897

(Loss) income before income taxes is attributable to the following geographic locations for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Cayman Islands	$ (15,080)	$ —
Hong Kong	(733,151)	(2,731,396)
PRC	13,107,433	17,253,264
	$12,359,202	$14,521,868

The following table reconciles PRC statutory rate to the Company's effective tax rate:

	For the years ended December 31,	
	2023	2022
PRC statutory income tax rate	25.0%	25.0%
Effect of different tax rates in non-PRC (foreign) jurisdiction	1.0%	3.2%
Effect of PRC preferential tax rate and tax holidays	(10.8)%	(14.2)%
R&D credits	(4.2)%	(4.1)%
Deferred offering cost	(0.9)%	—
Non-deductible expenses*	3.2%	1.4%
Tax effect on deferred tax allowance	0.5%	0.7%
Effective tax rate	13.8%	12.0%

* Non-deductible expenses mainly consisted of listing expenses, entertainment expenses and other non-deductible expenses under PRC income tax law.

Deferred tax assets and liabilities

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

	As of December 31,	
	2023	2022
Deferred tax assets:		
Allowance for expected credit losses	$ 420,988	$ 105,520
Net operating loss carryforward	732,294	502,893
Lease liabilities	102,639	3,604
Total deferred tax assets	$1,255,921	$ 612,017
Less: Valuation allowance	(441,549)	(405,796)
Deferred tax assets, net	$ 814,372	$ 206,221
Deferred tax liabilities:		
Right-of-use assets	93,389	16,696
Amortization of intangible assets	—	3,625
Total deferred tax liabilities	$ 93,389	$ 20,321

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

	As of December 31,	
	2023	2022
Balance as of January 1	$(405,796)	$(329,139)
Increase in valuation allowance	(47,604)	(101,691)
Foreign exchange	11,851	25,034
Balance as of December 31	$(441,549)	$(405,796)

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 $441,549 and $405,796 as of December 31, 2023 and 2022 respectively.

Tax Payables

The Company's tax payables consist of the following:

	As of December 31,	
	2023	2022
VAT tax payable	$281,363	$ 959,016
Income tax payable	448,230	714,466
Other tax payables	41,360	121,743
Total tax payables	$770,953	$1,795,225

Net Operating Loss Carry Forward:	As of December 31,	
	2023	2022
Location		
PRC*	$3,785,480	$2,065,094
Hong Kong**	1,051,678	795,426
Total	$4,837,158	$2,860,520

* As of December 31, 2023 and 2022, there were approximately $4.8 million and $2.9 million of net operating loss carryforwards in certain subsidiaries, respectively. Net operating loss of PRC subsidiary will be expired, if unused. As of December 31, 2023, the Company had net operating loss carried forward from the PRC entities of $3,785,480. The carry forward loss of $290,832, $311,511, $370,178, $317,365, $487,790, $1,031,714 and $976,090 will be expired by 2024, 2025, 2026, 2027, 2028, 2032 and 2033, respectively, if not utilized.

** Net operating loss of $1,051,678 in Hong Kong has no expiring date.

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 December 31, 2023 and 2022, the Company did not have any significant unrecognized

uncertain tax positions. As of December 31, 2023, the tax years ended December 31, 2018 through 2022 for the Company's subsidiaries in the PRC and the VIEs are generally subject to examination by the PRC tax authorities.

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 Betters Medical Investment Holdings Limited. The share capital of is 500,000,000 authorized with par value of $0.0001 each. issued. As of December 31, 2023 and 2022, there were both 29,411,765 shares of ordinary shares issued and outstanding. The shares are presented on a retroactive basis to reflect the reorganization completed on August 3, 2023.

NOTE 16 — EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated in accordance with ASC 260 for the years ended December 31, 2023 and 2022. Shares issuable for little consideration have been included in the number of outstanding shares used for basic loss per share.

	For the Year Ended December 31	
	2023	2022
Numerator:		
Net income attributable to ordinary shareholders	$10,545,978	$12,568,750
Denominator:		
Weighted average number of ordinary shares outstanding, basic and diluted	29,411,765	29,411,765
Net income per share, basic and diluted	$ 0.36	$ 0.43

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 transactions or balances with the as of and for the years ended December 31, 2023 and 2022 consisted of:

(a) Related party balances

	As of December 31,	
	2023	2022
Due from related parties:		
Haimei Wu[(1)]	$ 391,641	$ 388,777
Betters Medical Investment Holdings Limited	2,941	2,941
Total	$ 394,582	$ 391,718
Due to related parties:		
Betters Medical Investment Holdings Limited[(2)]	$3,785,250	$4,020,769
Total	$3,785,250	$4,020,769

(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 the date of this proxy statement, the $0.4 million of amount due from Ms.Wu was fully settled.

(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 December 31, 2023 and 2022.

In the ordinary course of the business, the Company is subject to periodic legal or administrative proceedings. As of December 31, 2023 and 2022, 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.

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.

	For the years ended December 31,	
	2023	2022
Distributors	$14,995,701	$13,499,170
Direct customers[(1)]	16,462,207	21,592,004
Total	$31,457,908	$35,091,174

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

Timing of revenue recognition

	For the years ended December 31,	
	2023	2022
At a point of time	$31,457,908	$35,091,174

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

	For the years ended December 31,	
	2023	2022
MWA devices	$30,940,383	$31,283,234
– MWA needles	26,278,169	30,551,145
– MWA therapeutic apparatus	4,662,214	732,089
Other medical devices	517,525	3,807,940
Total	$31,457,908	$35,091,174

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 are 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 year ended December 31, 2023, two customers accounted for 14.3% and 10.4% of the Company's total revenue. For the year ended December 31, 2022, one customer accounted for 10.3% of the Company's total revenue. Other than that, no single customer comprises over 10% of revenue as for the year ended December 31, 2023 and 2022, respectively.

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 22.3% and 20.3% of the total balance of the Company's accounts receivable as of December 31, 2023 and 2022, respectively. As of December 31, 2023, one additional customer accounted for 11.8% of the total balance of accounts receivable. As of December 31, 2022, one additional customer accounted for 10.5% of the total balance of accounts receivable. Other than that, no single customer comprises over 10% of accounts receivable as of December 31, 2023 and 2022, respectively.

Vendor concentration risk

For the year ended December 31, 2023, four vendors accounted for 21.5%, 20.7%, 12.7% and 11.5% of the Company's purchase of inventory. For the year ended December 31, 2022, two vendors accounted for 21.0% and 10.9% of the Company's purchase of inventory.

Accounts payable to above vendors was $0.2 million and nil as of December 31, 2023 and 2022, respectively. As of December 31, 2023, three vendors accounted for 28.9%, 16.6% and 11.3% of the total balance of accounts payable. As of December 31, 2022, one vendor accounted for 11.5% of the total balance of accounts payable.

NOTE 21 — SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2023, through the date the consolidated financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements, except as follow:

Bank loans

On January 3, 2024, Baide Suzhou borrowed a loan of $0.7 million (RMB 5 million) with the term of 12 months from Industrial and Commercial Bank of China with the annual interest rate of 3.0%.

On January 10, 2024, Baide Suzhou borrowed a loan of $0.7 million (RMB 5 million) with the term of 12 months from Industrial and Commercial Bank of China with the annual interest rate of 3.0%.

On January 30, 2024, Nanjing Changcheng borrowed a loan of $1.4 million (RMB 10 million) with the term of 12 months from Hangzhou Bank with the annual interest rate of 3.9%.

On March 27, 2024, Baide Suzhou borrowed a loan of $0.8 million (RMB 6 million) with the term of 12 months from China CITIC Bank with the annual interest rate of 4.15%.

On April 26, 2024, Baide Suzhou borrowed a loan of $0.6 million (RMB 4 million) with the term of 12 months from China Minsheng Bank with the annual interest rate of 4.75%.

On May 6, 2024, Baide Suzhou borrowed a loan of $0.7 million (RMB 5 million) with the term of 12 months from Bank of Communications with the annual interest rate of 3.4%.

On May 11, 2024, Baide Suzhou borrowed a loan of $0.7 million (RMB 5 million) with the term of 12 months from Bank of Communications with the annual interest rate of 3.4%.

Settlement of Related Party Loans

In prior periods, Ms. Wu, the Company's founder, chief executive officer and chairperson of the board of directors, would from time to time enter into loan arrangements from, and/or in favor of, the Company or one or more of its subsidiaries, such as the loans underlying the amounts due from Ms. Wu as of December 31, 2023 and 2022 described in Note 17.

As of the date of this proxy statement, the $0.4 million of amount due from Ms. Wu as of December 31, 2023 was fully settled.

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 December 31, 2023 and 2022, 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 December 31,	
	2023	**2022**
ASSETS		
Amounts due from a related party	$ 2,941	$ 2,941
Investments in subsidiaries	$35,747,703	$25,930,413
Total Assets	**$35,750,644**	$25,933,354
Total liabilities	$ —	$ —
Shareholders' Equity		
Ordinary shares, $0.0001 par value, 500,000,000 shares authorized; 29,411,765 shares issued and outstanding as of December 31, 2023 and 2022*	$ 2,941	2,941
Additional paid-in capital	18,850,292	18,850,292
Retained earnings	18,902,533	8,356,555
Accumulated other comprehensive loss	(2,005,122)	(1,276,434)
Total Shareholders' Equity	**35,750,644**	25,933,354
Total Liabilities and Shareholders' Equity	**$35,750,644**	$25,933,354

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

Condensed statements of comprehensive income

	For the years ended December 31,	
	2023	**2022**
Share of profit in subsidiaries, net (Note a)	$10,545,978	$12,568,750
Income before income tax	10,545,978	12,568,750
Income tax provision	—	—
Net income	10,545,978	12,568,750
Other comprehensive loss		
Foreign currency translation loss	$ (728,688)	$ (1,506,905)
Comprehensive income	$ 9,817,290	$11,061,845

Condensed statements of cash flows

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities		
Net income	$ 10,545,978	$ 12,568,750
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity income in subsidiaries	(10,545,978)	(12,568,750)
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 statements.

Shares as at December 31, 2023 are presented after the reorganization. The shares as at December 31, 2022 are presented retrospectively to reflect the completion of the August 3, 2023 restructuring.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
ExcelFin Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of ExcelFin Acquisition Corp. (the "Company") as of December 31, 2023 and 2022, the related statements of operations, changes in stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1 to the financial statements, the Company is a Special Purpose Acquisition Corporation that was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses on or before April 25, 2024, provided necessary monthly extension deposits are made to the Company's Trust Account. There is no assurance that the Company will obtain the necessary approvals, satisfy the required closing conditions, raise the additional capital it needs to fund its operations, and complete the transaction prior to April 25, 2024, if at all. The Company also has no approved plan in place to extend the business combination deadline and fund operations for any period of time after April 25, 2024, in the event that it is unable to complete a business combination by that date. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 1. The financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP
We have served as the Company's auditor since 2021.

Hartford, CT
March 13, 2024

EXCELFIN ACQUISITION CORP.

BALANCE SHEETS

	December 31, 2023	December 31, 2022
ASSETS:		
Current Assets:		
Current asset – cash	$ 45,219	$ 351,432
Prepaid expenses	72,319	457,974
Total Current Assets	117,538	809,406
Cash and investments held in trust	23,995,629	237,735,165
Deferred Tax Asset	9,474	—
Total Assets	$ 24,122,641	$238,544,571
LIABILITIES AND COMMON STOCK SUBJECT TO POSSIBLE REDEMPTION AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	$ 5,874,382	$ 310,901
Excise tax payable	2,170,277	—
Income taxes payable	96,158	620,346
Franchise tax payable	36,400	211,090
Unrecognized tax benefit	130,909	—
Accrued offering costs	400,907	415,907
Working capital loan – sponsor	1,296,654	300,000
Advances due to related party	322,724	538,558
Total Current Liabilities	10,328,411	2,396,802
Deferred underwriting fee payable	1,610,000	8,050,000
Total Liabilities	11,938,411	10,446,802
Commitments and Contingencies (Note 6)		
Common stock, subject to possible redemption (2,201,533 and 23,000,000 shares at redemption value)	23,750,019	236,903,730
Stockholders' Deficit:		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, $0.0001 par value, 200,000,000 authorized, 5,750,000 and none issued and outstanding as of December 31, 2023 and 2022, respectively (excluding 2,201,533 and 23,000,000 shares subject to possible redemption as of December 31, 2023 and 2022, respectively)	575	—
Class B common stock, $0.0001 par value, 50,000,000 authorized, none and 5,750,000 shares issued and outstanding as of December 31, 2023 and 2022, respectively	—	575
Additional paid-in capital	—	—
Accumulated deficit	(11,566,364)	(8,806,536)
Total Stockholders' Deficit	(11,565,789)	(8,805,961)
Total Liabilities and Common Stock Subject to Possible Redemption and Stockholders' Deficit	$ 24,122,641	$238,544,571

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

EXCELFIN ACQUISITION CORP.

STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
EXPENSES		
Financial services and administrative fee – related party	$ 120,000	$ 570,000
Franchise tax	201,622	214,291
General and administrative	6,918,905	1,260,378
TOTAL EXPENSES	7,240,527	2,044,669
OTHER INCOME		
Interest income on Investments held in Trust Account	4,938,218	3,288,133
TOTAL OTHER INCOME	4,938,218	3,288,133
Net (loss) income before provision for income taxes	(2,302,309)	1,243,464
Provision for income taxes	985,212	620,346
Net (loss) income	$(3,287,521)	$ 623,118
Weighted average number of shares of Class A redeemable common stock outstanding, basic and diluted	9,417,482	23,000,000
Basic and diluted net (loss) income per share of Class A redeemable common stock	$ (0.22)	$ 0.02
Weighted average number of shares of Class A & Class B non-redeemable common stock outstanding, basic and diluted	5,750,000	5,750,000
Basic and diluted net (loss) income per share of Class A & Class B non-redeemable common stock	$ (0.22)	$ 0.02

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

EXCELFIN ACQUISITION CORP.

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

	Class A Nonredeemable Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2021	—	$ —	5,750,000	$ 575	$—	$ (7,125,924)	$ (7,125,349)
Current period remeasurement to redemption value	—	—	—	—	—	(2,303,730)	(2,303,730)
Net income	—	—	—	—	—	623,118	623,118
Balance as of December 31, 2022	—	—	5,750,000	575	—	(8,806,536)	(8,805,961)
Current period remeasurement to redemption value	—	—	—	—	—	(3,874,002)	(3,874,002)
Forfeiture of deferred underwriting fee payable	—	—	—	—	—	6,440,000	6,440,000
Capital Contribution	—	—	—	—	—	131,973	131,973
Excise tax on Class A common stock redemption	—	—	—	—	—	(2,170,277)	(2,170,277)
Conversion of Class B shares	5,750,000	575	(5,750,000)	(575)	—	—	—
Net loss	—	—	—	—	—	(3,287,521)	(3,287,521)
Balance as of December 31, 2023	5,750,000	$575	—	$ —	$—	$(11,566,364)	$(11,565,789)

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

EXCELFIN ACQUISITION CORP.

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Cash Flows From Operating Activities:		
Net (loss) income	$ (3,287,521)	$ 623,118
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Operating costs paid by related parties	—	457,500
Interest income on investments held in Trust Account	(4,938,218)	(3,288,133)
Changes in operating assets and liabilities:		
Prepaid expenses	385,655	569,788
Franchise tax payable	(174,690)	51,638
Income taxes payable	(524,188)	620,346
Unrecognized tax benefit	130,909	—
Deferred tax asset	(9,474)	
Accounts payable and accrued expenses	5,563,481	258,004
Net Cash Used In Operating Activities	(2,854,046)	(707,739)
Cash Flows From Investing Activities:		
Cash redemption withdrawn from Trust Account	217,027,714	—
Deposits in Trust Account	(132,092)	—
Cash withdrawn from Trust Account to pay taxes	1,782,132	162,654
Net Cash Provided By Investing Activities	218,677,754	162,654
Cash Flows From Financing Activities:		
Payments made in relation to redemptions of Class A common stock	(217,027,714)	—
Capital Contribution	131,973	—
Payment to related party	(337,500)	—
Advances from related party	121,666	—
Proceeds from Working Capital Loan	996,654	—
Payments of offering costs	(15,000)	—
Net Cash Used In Financing Activities	(216,129,921)	—
Net change in cash	(306,213)	(545,085)
Cash at beginning of year	351,432	896,517
Cash at end of the year	**$ 45,219**	**$ 351,432**
Supplemental Disclosure of Cash Flow information:		
Cash paid for taxes	$ 1,410,221	$ —
Supplemental Disclosure of Non – Cash Financing Activities:		
Excise tax on Class A common stock redemptions	$ 2,170,277	$ —
Current period remeasurement to redemption value	$ 3,874,002	$ 2,303,730
Conversion from Class B to Class A common stock	$ 575	$ —
Forfeiture of Underwriting fee	$ 6,440,000	$ —

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

EXCELFIN ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023, and 2022

NOTE 1 — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS AND LIQUIDITY

ExcelFin Acquisition Corp. (the "Company") was incorporated in Delaware on March 15, 2021. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "Business Combination").

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of December 31, 2023, the Company had not commenced any operations. All activity for the period from March 15, 2021 (inception) through December 31, 2023 relates to the Company's formation, initial public offering ("Initial Public Offering"), and search for an initial business combination, which is described below. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering. The Company has selected December 31 as its fiscal year end.

The registration statement for the Company's Initial Public Offering was declared effective on October 21, 2021. On October 25, 2021, the Company consummated the Initial Public Offering of 20,000,000 units ("Units" and, with respect to the common stock included in the Units being offered, the "Public Shares"), generating gross proceeds of $200,000,000, which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private sale (the "Private Placement") of an aggregate of 11,700,000 warrants (the "Private Placement Warrants") to ExcelFin SPAC LLC (the "Sponsor") at a purchase price of $1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of $11,700,000.

On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

As of October 25, 2021, transaction costs amounted to $22,726,465 consisting of $4,600,000 of underwriting fees paid in cash, $8,050,000 of deferred underwriting fees payable (which are held in a trust account with U S Bank acting as trustee (the "Trust Account")), $9,200,000 funded to the trust account and $876,465 of costs related to the Initial Public Offering. As described in Note 6, the $8,050,000 deferred underwriting fees are contingent upon the consummation of the Business Combination. The Company entered into fee waiver agreements with KeyBanc Capital Markets Inc. and UBS Securities LLC on August 7, 2023 and August 11, 2023, respectively. Eighty percent (80%), or $6,440,000 in the aggregate, of the deferred underwriting fees have been waived, leaving $1,610,000 of deferred underwriting fees payable to EXOS Securities LLC upon closing pursuant to the Business Combination Agreement. The Company recorded a reduction of $6,440,000 of deferred underwriting fees payable and a gain on forfeiture of deferred underwriting compensation payable in the period ending September 30, 2023. Although the UBS Securities LLC waiver of $6,037,500 relates only to the business combination that may be consummated pursuant to the Business Combination Agreement with Baird Medical, the Company believes that there is only a remote possibility that the Company could consummate another business combination if the Business Combination Agreement with Baird Medical were to be terminated for any reason.

Following the closing of the Initial Public Offering on October 25, 2021, an amount of $234,600,000 ($10.20 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement was placed in a trust account ("Trust Account"). Prior to October 26, 2023, funds in the Trust Account were held only in U.S. government treasury obligations with a maturity of 185 days or less or in

money market funds investing solely in U.S. government treasury obligations and meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940. However, to mitigate the risk of the Company being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3 (a) (1) (A) of the Investment Company Act), prior to the 24-month anniversary of the effective date of the registration statement relating to the Company's initial public offering, the Company instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account (the "Trustee"), to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all funds in the Trust Account in cash in an interest bearing account until the earlier of consummation of our initial business combination or liquidation. In connection with such instructions, on October 26, 2023, the Company and the Trustee entered into an amendment (the "Trust Agreement Amendment") to the Investment Management Trust Agreement dated October 25, 2021, which governs the investment of monies held in the Trust Account, to specifically allow the investment of those funds into an interest bearing account.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations with one or more operating businesses or assets with a fair market value equal to at least 80% of the value of the net assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act").

The Company will provide the holders of the outstanding Public Shares (the "Public Shareholders") with the opportunity to redeem all or a portion of their Public Shares either (i) in connection with a shareholders meeting called to approve the Business Combination or (ii) by means of a tender offer in connection with the Business Combination. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be $10.20 per Public Share, plus any pro rata interest then in the Trust Account, net of taxes payable). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. The Public Shares subject to redemption are recorded at a redemption value and classified as temporary equity in accordance with the Accounting Standards Codification ("ASC") Topic 480 "*Distinguishing Liabilities from Equity*" ("ASC 480").

The Company will not redeem Public Shares in an amount that would cause its net tangible assets to be less than $5,000,001 (so that it does not then become subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to the Business Combination. If the Company seeks shareholder approval of the Business Combination, the Company will proceed with a Business Combination if a majority of the outstanding shares voted are voted in favor of the Business Combination, or such other vote as required by law or stock exchange rule. If a shareholder vote is not required by applicable law or stock exchange listing requirements and the Company does not decide to hold a shareholder vote for business or other reasons, the Company will, pursuant to its second amended and restated certificate of incorporation (the "Certificate of Incorporation"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, shareholder approval of the transaction is required by applicable law or stock exchange listing requirements, or the Company decides to obtain shareholder approval for business or other reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks shareholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Public Offering in favor of approving a Business Combination. Additionally, each Public Shareholder may elect to redeem their Public Shares without voting, and if they do vote, irrespective of whether they vote for or against the proposed transaction.

Notwithstanding the foregoing, if the Company seeks shareholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Certificate of Incorporation will provide that a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% of the Public Shares, without the prior consent of the Company.

The holders of the Founder Shares have agreed (a) to waive their redemption rights with respect to the Founder Shares and Public Shares held by them in connection with the completion of a Business Combination and (b) not to propose an amendment to the Certificate of Incorporation (i) to modify the substance or timing of the Company's obligation to allow redemptions in connection with a Business Combination or to redeem 100% of its Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to shareholders' rights or pre-business combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Public Shares in conjunction with any such amendment.

If the Company has not completed a Business Combination by April 25, 2024 (the "Combination Period"), or made the necessary extension payment outlined below, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to pay taxes (less up to $100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Shareholders' rights as shareholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining shareholders and the Company's board of directors, dissolve and liquidate, subject in each case to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

On April 13, 2023, the Company held a special meeting of stockholders (the "First Extension Meeting") to vote on a proposal to extend the Combination Period from April 25, 2023 to October 25, 2023 (the "First Extension Amendment Proposal"), and the stockholders approved the First Extension Amendment Proposal at that meeting. In connection with the vote to approve the First Extension Amendment Proposal, the holders of 18,211,208 shares of Class A common stock (representing 79% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. In connection with that redemption, approximately $189.4 million was withdrawn from the trust account to fund such redemptions, leaving a balance of approximately $50.6 million.

On October 20, 2023, the Company held a special meeting of stockholders (the "Second Extension Meeting") to vote on a proposal to extend the Combination Period from October 25, 2023 to April 25, 2024 (the "Second Extension Amendment Proposal"), and the stockholders approved the Second Extension Amendment Proposal at that meeting. In connection with the vote to approve the Second Extension Amendment Proposal, the holders of 2,587,259 shares of Class A common stock (representing 54% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. In connection with the redemption, approximately $27.6 million was withdrawn from the trust account to fund such redemptions, leaving a balance of approximately $23.6 million. Prior to that redemption, approximately $0.4 million was withdrawn from the trust account to pay income and franchise taxes. The Company subsequently deposited approximately $132,000 into the Trust Account as was required to effect the initial three-month extension approved as part of the Second Extension Amendment Proposal (through January 25, 2024), and has since made two equal deposits of approximately $44,031 to effect two additional one-month extensions through March 25, 2024 and expected to make an additional deposit of $44,031 to extend through April 25, 2024.

The holders of the Founders Shares have agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the holders of Founder Shares acquire Public Shares in or after the Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive

their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (i) $10.20 per Public Share or (ii) such lesser amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.20 per Public Share due to reductions in the value of the trust assets, in each case net of the amount of interest which may be withdrawn to pay taxes, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except for the Company's independent registered accounting firm), prospective target businesses and other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Business Combination Agreement

On June 26, 2023, the Company, Betters Medical Investment Holdings Limited, a Cayman Islands exempted company ("Betters"), Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a direct, wholly owned subsidiary of Betters ("PubCo"), Betters Medical Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo ("Merger Sub" and, together with PubCo, each, individually, an "Acquisition Entity" and, collectively, the "Acquisition Entities"), 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 Betters ("Tycoon"), entered into a Business Combination Agreement (the "Business Combination Agreement").

Pursuant to the Business Combination Agreement (a) on August 2, 2023, Betters contributed all of the issued shares of Tycoon held by Betters ("Tycoon Shares") to PubCo in exchange for PubCo Ordinary Shares such that Tycoon became a wholly-owned subsidiary of PubCo and Betters received in exchange therefor 29,411,764 PubCo Ordinary Shares (the "Share Contribution") that have an aggregate value equal to Three Hundred Million Dollars ($300,000,000); and (b) after a special meeting of the stockholders of the Company approving the transactions, Merger Sub will merge with and into the Company, with the Company continuing as the surviving entity and wholly-owned subsidiary of PubCo (the "Merger").

The Business Combination Agreement provides that at the effective time of the Business Combination (the "Effective Time"):

(i) each unit that is issued and outstanding shall be automatically divided, and the holder thereof shall be deemed to hold one share of Class A common stock and one-half of one public warrant;

(ii) each outstanding public share of Class A common stock will be exchanged for one PubCo Ordinary Share; and, subject to a vesting requirement for 1,350,000 of such shares held by the sponsor, each outstanding share of Class A common stock held by the sponsor will be cancelled in exchange for one PubCo Ordinary Share; and

(iii) the registered holder of each outstanding public warrant to purchase one share of Class A common stock will receive, in exchange for such warrants, an equal number of warrants to purchase one PubCo Ordinary Share upon the same terms as were applicable to the public warrants.

On October 25, 2023, all 5,750,000 outstanding shares of Class B common stock held by the sponsor were converted into an equal number of shares of Class A common stock. This conversion was done to ensure

that the Company remained in compliance with Nasdaq's continuing listing requirements (market value of listed securities) prior to Closing. This conversion will have no effect on the consideration to be issued to the former holders of founder shares under the Business Combination Agreement. The Business Combination Agreement provides that each of these shares of Class A common stock formerly held by the sponsor will be cancelled in exchange for one PubCo Ordinary Share upon the Closing of the Business Combination. However, 1,350,000 of the PubCo Ordinary Shares issued to the sponsor in the Business Combination in exchange for Class A common stock (the "Sponsor Earnout Shares") 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 connection with the Business Combination Agreement, the Sponsor has agreed to surrender all of the private placement warrants for no additional consideration.

On March 11, 2024, the parties entered into Amendment No. 1 to the Business Combination Agreement. The primary terms of the amendment to the Business Combination Agreement are as follows:

- (x) 20,588,235 PubCo Ordinary Shares to be held by Baird Medical at Closing (70% of such shares) shall be fully vested and freely tradable and (y) 8,823,529 PubCo Ordinary Shares to be held by Baird Medical at Closing (30% of such shares) shall be subject to vesting and forfeiture as described below (the "Baird Medical Earnout Shares").
- The Baird Medical Earnout Shares shall become fully vested if prior to 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.
- In the event that there is a Change of Control of PubCo prior to the eighth anniversary of the Effective Time, and the corresponding valuation of PubCo Ordinary Shares implied by that Change of Control is greater than or equal to the Price Target, the Baird Medical Earnout Shares shall become fully vested immediately prior to such Change of Control.
- All references to SPAC Closing Cash needing to be at least $15.0 million have been removed from the Business Combination Agreement.
- The Maximum Extension Date has been changed from June 25, 2024 to May 25, 2024.

Closing of the Business Combination is subject to the satisfaction of customary closing conditions, including the filing of a registration statement registering the PubCo Ordinary Shares issuable in the Business Combination, a vote of a majority of the Company's outstanding shares of common stock in favor thereof

Going Concern and Management's Plan

As of December 31, 2023, the Company had cash of $45,219 and working capital deficit of $9,947,406.

The Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans and while the Company believes it has sufficient access to additional sources of capital, if necessary, there is no current commitment on the part of any financing source to provide additional capital and no assurances can be provided that such additional capital will ultimately be available. In addition, the Company currently has less than 12 months from the date these financial statements were issued to complete a Business Combination and if the Company is unsuccessful in consummating an Initial Business Combination, it is required to liquidate and dissolve. In connection with the Company's assessment of going concern considerations in accordance with Accounting Standards Update ("ASU") 2014-15, "*Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*," management has determined that these factors raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. As is customary for a special purpose acquisition company, if the Company is not able to consummate a Business Combination during the Combination Period, it will cease all operations and redeem the Public Shares. Management plans to continue its efforts to consummate a Business Combination during the Combination Period.

Risks and Uncertainties

On October 7, Hamas launched an attack on Israel resulting in Israel declaring war on Hamas. It is Hamas's announced intent to instigate a regional war on Israel by those countries sympathetic to its cause.

Additionally, the Russian Federation and Ukraine remain at war. The Company's ability to consummate a Business Combination, or the operations of a target business with which the Company ultimately consummates a Business Combination, may be materially and adversely affected by these military actions and related sanctions. In addition, the Company's ability to consummate a transaction may be dependent on the ability to raise equity and debt financing which may be impacted by these events, including as a result of increased market volatility, or decreased market liquidity in third-party financing being unavailable on terms acceptable to the Company or at all. The impact of this action and related sanctions on the world economy and the specific impact on the Company's financial position, results of operations or ability to consummate a Business Combination are not yet determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("*US GAAP*") and pursuant to the rules and regulations of the SEC.

Emerging Growth Company

The Company is an "emerging growth company", as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times, may exceed the Federal depository insurance coverage of $250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts, however, in the event of a financial institution failure, cash balances in excess of $250,000 may be unrecoverable to the Company.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2023 and 2022.

Cash and Investments held in Trust Account

As of December 31, 2023 and 2022, the Company had approximately $24 million and $237.7 million in cash and investments held in the Trust Account, respectively. During the years ended December 31, 2023 and December 31, 2022, the Company withdrew $1,418,786 and $162,654, respectively, from interest earned on the Trust Account, to pay Federal income taxes and Delaware franchise taxes.

Offering Costs associated with an Initial Public Offering

The Company complies with the requirements of the Financial Accounting Standards Board ("FASB") ASC 340-10-S99-1 and SEC Staff Accounting Bulletin ("SAB") Topic 5A, "*Expenses of Offering*." Offering costs associated with the Units were allocated between temporary equity and the Public Warrants by the relative fair value method. Offering costs of $876,465 consisted principally of costs incurred in connection with preparation for the Initial Public Offering such as professional fees and listing and filing fees. These offering costs, together with the underwriter fees of $12,650,000, were allocated between temporary equity and the Public Warrants in a relative fair value method upon completion of the Initial Public Offering. During 2023, 80% of the deferred underwriting fees originally in the amount of $8,050,000 have been waived for the Business Combination by UBS Securities LLC and KeyBanc Capital Markets Inc., two of the underwriters in the IPO, leaving $1,610,000 of deferred underwriting fees payable upon closing.

Class A common stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance enumerated in ASC 480. Common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock are classified as stockholders' equity. The Company's Class A common stock feature certain redemption rights that are considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at December 31, 2023 and 2022, the Class A common stock subject to possible redemption in the amount of $23,750,019 and $236,903,730 is presented as temporary equity, outside of the Stockholders' equity section of the Company's balance sheets, respectively. The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable common stock are affected by charges against additional paid-in capital and accumulated deficit.

At December 31, 2023 and 2022, the Class A common stock reflected in the balance sheets is reconciled in the following table:

Class A common stock subject to possible redemption – December 31, 2021	$ 234,600,000
Remeasurement adjustment of carrying value to redemption value	2,303,730
Class A common stock subject to possible redemption – December 31, 2022	236,903,730
Remeasurement adjustment of carrying value to redemption value	3,874,002
Redemptions and withdrawals	(217,027,714)
Class A common stock subject to possible redemption – December 31, 2023	$ 23,750,019

Net income (loss) per share

Net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. The Company applies the two-class method in calculating earnings and losses per share. Earnings and losses are shared pro rata between the two classes of shares. The calculation of diluted income (loss) per share of common stock does not consider the effect of the warrants issued in connection with the (i) Public Offering and (ii) Private Placement, since their inclusion would be anti-dilutive under the two-class method.

As a result, diluted earnings and losses per share of common stock is the same as basic earnings and losses per share of common stock for the periods presented. The warrants are exercisable to purchase shares of 11,500,000 Class A common stock in the aggregate.

The following table reflects the calculation of basic and diluted net income (loss) per common share (in dollars, except per share amounts):

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Class A redeemable common stock		
Numerator: Income (loss) allocable to Class A redeemable common stock	$(2,041,220)	$ 498,494
Denominator: Basic and diluted weighted average shares outstanding	9,417,482	23,000,000
Basic and diluted net income (loss) per share, Class A redeemable common stock	$ (0.22)	$ 0.02
Class A & B non-redeemable common stock		
Numerator: Income (loss) allocable to Class A & Class B non-redeemable common stock	$(1,246,301)	124,624
Denominator: Basic and diluted weighted average shares outstanding	5,750,000	5,750,000
Basic and diluted net income (loss) per share, Class A & B non-redeemable common stock	$ (0.22)	$ 0.02

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statements recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits

to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "*Derivatives and Hedging*" ("ASC 815"). For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether or not net- cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

Warrants

The Company accounts for warrants as equity-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 and ASC 815. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment is conducted at the time warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all of the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter.

Recent Accounting Standards

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which requires disclosures of incremental income tax information within the

rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. ASU 2023-09 is effective for the fiscal year beginning after December 15, 2024. Early adoption is permitted. The Company's management does not believe the adoption of ASU 2023-09 will have a material impact on its financial statements and disclosures.

There were no new pronouncements adopted in 2023. Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

NOTE 3 — INITIAL PUBLIC OFFERING

Pursuant to the Initial Public Offering, the Company sold 20,000,000 Units at a purchase price of $10.00 per Unit generating gross proceeds to the Company in the amount of $200,000,000. Each Unit consists of one share of the Company's Class A common stock, par value $0.0001 per share (the "Class A common stock"), and one-half of redeemable warrant of the Company (each whole warrant, a "Warrant"), with each whole Warrant entitling the holder thereof to purchase one whole share of Class A common stock at a price of $11.50 per share, subject to adjustment.

On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

NOTE 4 — PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private sale (the "Private Placement") of an aggregate of 11,700,000 warrants (the "Private Placement Warrants") to the Sponsor at a purchase price of $1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of $11,700,000. A portion of the proceeds from the Private Placement Units was added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Units held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Units will be worthless. The Private Placement Warrants (including the Class A common stock issuable upon exercise of the Private Placement Warrants) will not be transferable, assignable or salable until 30 days after the completion of an Initial Business Combination, subject to certain exceptions.

Pursuant to the Business Combination Agreement and the transactions contemplated thereby, the Private Placement Warrants will be cancelled at the closing, with no additional consideration issued to the holder thereof in exchange therefor.

NOTE 5 — RELATED PARTY TRANSACTIONS

Founder Shares

In March 2021, the Sponsor purchased 5,750,000 shares of the Company's Class B common stock (the "Founder Shares") in exchange for $25,000. The Founder Shares include an aggregate of up to 750,000 shares subject to forfeiture to the extent that the underwriters' overallotment is not exercised in full or in part, so that the number of Founder Shares will equal, on an as-converted basis, approximately 20% of the Company's issued and outstanding shares of common stock after the Initial Public Offering. The Founder Shares are no longer subject to forfeiture due to full exercise of the over-allotment by the underwriter. All of the Founder Shares were converted into Class A common stock on October 25, 2023.

The holders of the Founder Shares have agreed, subject to limited exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier to occur of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the last sale reported price of the Class A common stock equals or exceeds $12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes

a liquidation, merger, capital share exchange or other similar transaction that results in all of the Public Shareholders having the right to exchange their shares of common stock for cash, securities or other property.

In May 2021, each of our independent directors and advisors acquired an equity interest in our sponsor, which owns all of the founder shares. The founder shares are subject to lockup restrictions and will become worthless unless the Company completes a business combination prior to the time the Company is obligated to redeem all of the outstanding Class A common stock. The aggregate fair value of the equity interests in our sponsor transferred to the independent directors and advisors at the date of such transfer was estimated to be $171,000, which was calculated using a valuation model that takes into account various assumptions such as the probability of successfully completing the initial public offering, the probability of successfully completing a business combination, marketability and various other factors. Since the equity interests in the sponsor transferred to each of the independent directors and advisors will be worthless unless a business combination is consummated, compensation expense will not be recognized regarding this issuance until consummation of the business combination.

In connection with the First Extension Meeting, the Company and the Sponsor, entered into non-redemption agreements (the "Non-Redemption Agreements") with unaffiliated third parties, pursuant to which such third parties agreed not to redeem (or to validly rescind any redemption requests on) an aggregate of 5,020,000 shares of ExcelFin Class A Common Stock ("Non-Redeemed Shares") in connection with the First Extension Meeting. In exchange for the foregoing commitments, the Sponsor has agreed to transfer an aggregate of 1,250,000 shares of ExcelFin Class A Common Stock held by the Sponsor to such third parties immediately following consummation of an initial business combination provided such parties continue to hold such Non-Redeemed Shares through the First Extension Meeting.

Promissory Note-Related Party

On March 18, 2021, the Sponsor issued an unsecured promissory note to the Company (the "Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of $300,000. The Promissory Note is non-interest bearing and payable on the earlier of (i) December 31, 2021 or (ii) the consummation of the Initial Public Offering. On October 25, 2021 this obligation was exchanged for a non-interest bearing Working Capital Loan of $300,000.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes may be repaid upon completion of a Business Combination, without interest, or, at the lender's discretion, up to $1,500,000 of the notes may be converted upon completion of a Business Combination into warrants at a price of $1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. On October 25, 2021, the related party promissory note discussed above was exchanged for a non-interest bearing Working Capital Loan of $300,000 due upon the earlier of (i) the date on which a Business Combination is consummated, or (ii) April 25, 2023. On October 26, 2023, the Company and the Sponsor amended and restated the Working Capital Loan originally issued by the Sponsor to the Company on March 18, 2021 (as amended on October 25, 2021 and May 3, 2023). The sole purpose of this amendment was to extend the maturity date of the promissory note from the previous business combination deadline of October 25, 2023 to the new business combination deadline of April 25, 2024, which was approved by the Company's stockholders at a special meeting held on October 20, 2023. The maturity date of the Working Capital Loan is the earlier of (i) April 25, 2024 or (ii) the date on which the Company consummates its initial business combination. As of December 31, 2023 and 2022, the Company had approximately $1,296,654 and $300,000 in related party loans outstanding, respectively.

Administrative Services Agreement

Commencing on the date the Units are first listed on the NASDAQ, the Company has agreed to pay an affiliate of the Sponsor a total of $10,000 per month for office space and administrative and support services.

Upon completion of the Initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. During each of the years ended December 31, 2023 and December 31, 2022, the Company recorded $120,000 for services under the administrative services agreement.

As of December 31, 2023 and 2022, the total outstanding amounts due to this related party was $322,724 and $201,058, respectively, and is included within the due to related parties on the accompanying balance sheets.

Financial Services Agreement — Related Party

The Company was obligated to pay Fin VC, an affiliate of our Sponsor, a total of $112,500 per quarter for consulting, legal, accounting and diligence services beginning at the date of formation of the Company. This agreement terminated on December 31, 2022. During the years ended December 31, 2023 and 2022, zero and $450,000, respectively has been recognized as a related party expense in the statements of operations. As of December 31, 2023 and 2022, there was $0 and $337,500 due to Fin VC and is included within due to related parties on the accompanying balance sheets.

Forward Purchase Agreements

Two affiliates of the Sponsor (the "Sponsor Affiliates") had the right to purchase up to 6,500,000 units, each consisting of one share of Class A common stock and one-third of a warrant, for an aggregate purchase price of up to $65,000,000, in a private placement that will close simultaneously with the closing of our initial business combination. The Sponsor Affiliates have not elected to purchase any securities under the forward purchase agreement.

The Company accounts for the forward purchase agreements (FPA) in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the FPA meets the criteria for equity treatment thereunder, each FPA will be recorded as equity.

Sponsor Funding of Trust Account

In order to fund the trust to the required level, the Sponsor purchased, 11,700,000 private placement warrants upon the closing of our initial public offering for a purchase price of $11,700,000, of which $9,200,000 was deposited into the trust account. On October 20, 2023, the Company held a special meeting of stockholders (the "Second Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from October 25, 2023 to April 25, 2024 (the "Second Extension Amendment Proposal"), and the stockholders approved the Second Extension Amendment Proposal at that meeting. The Company subsequently deposited approximately $132,000 into the Trust Account as was required to effect the initial three — month extension approved as part of the Second Extension Amendment Proposal (through January 25, 2024), and has since made two equal deposits of approximately $44,031 to effect two additional one — month extensions through March 25, 2024 and expected to make an additional deposit of $44,031 to extend through April 25,2024. to effect three additional one — month extensions (through April 25, 2024). The funds for the extensions were initially provided to the Company by the Sponsor. Under the Business Combination Agreement described below, Betters is obligated to reimburse and has reimbursed the Company for the full amount of these extension payments.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Registration Rights

The holders of the Founder Shares, Private Placement Units and warrants that may be issued upon conversion of Working Capital Loans (and any shares of common stock issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights pursuant to a registration rights agreement to be signed prior to or on the effective date of Initial Public Offering requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to shares of Class A common stock). The holders of these securities will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities. In addition, the holders have certain

"piggy-back" registration rights with respect to registration statements filed subsequent to completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not be required to effect or permit any registration or cause any registration statement to become effective until the securities covered thereby are released from their lock-up restrictions. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The Company granted the underwriters a 45-day option from the date of Initial Public Offering to purchase up to 3,000,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and commissions.

The underwriters were paid a cash underwriting discount of $0.20 per Unit, or $4,600,000, upon the closing of the Initial Public Offering. In addition, the underwriters are entitled to a deferred fee of $0.35 per Unit, or $8,050,000. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement. UBS Securities LLC and KeyBanc Capital Markets Inc., two of the underwriters in the IPO, waived 80% of the deferred underwriting fees originally in the amount of $8,050,000 have been waived for the Business Combination leaving $1,610,000 of deferred underwriting fees payable upon closing. The UBS Securities waiver applies solely to the Business Combination with Baird Medical, while the KeyBanc waiver applies to any business combination. Neither UBS Securities nor KeyBanc communicated to the Company the reasons for its waiver of the deferred underwriting fees, and ExcelFin did not correspond with UBS Securities or KeyBanc about the reasons for their waiver of fees. Such waivers were provided without any consideration from the Company and without any conditions.

On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

NOTE 7 — STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock — The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of December 31, 2023 and 2022, there were no shares of preferred stock issued or outstanding.

Class A common stock — The Company is authorized to issue 200,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. As of December 31, 2023 and 2022, there were 5,750,000 and no shares of Class A common stock issued or outstanding. As of December 31, 2023 and 2022, 2,201,533 and 23,000,000 shares, respectively, of Class A common stock subject to possible redemption are presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheets.

On October 25, 2023, the Sponsor, which held of record 5,750,000 shares of Class B common stock, exercised its right to convert all of such shares into an equal number of shares of ExcelFin Class A common stock. This conversion was done to ensure that ExcelFin remained in compliance with Nasdaq's continuing listing requirements (market value of listed securities) prior to Closing. This conversion will have no effect on the consideration to be issued to the former holders of Class B common stock under the Business Combination Agreement.

Class B common stock — The Company is authorized to issue 50,000,000 shares of Class B common stock with a par value of $0.0001 per share. Holders of Class B common stock are entitled to one vote for each share. All of the outstanding shares of Class B common stock were converted into Class A common stock on October 25, 2023. As of December 31, 2023 and 2022, there were zero and 5,750,000 shares, respectively, of Class B common stock issued and outstanding.

On October 25, 2021, the underwriters exercised the over-allotment option in full to purchase 3,000,000 Public Units. As a result, 750,000 founder shares are no longer subject to forfeiture. Holders of Class A

common stock and holders of Class B common stock will vote together as a single class on all matters submitted to a vote of our shareholders except as otherwise required by law. In connection with our initial business combination, the Company may enter into a stockholders' agreement or other arrangements with the stockholders of the target or other investors to provide for voting or other corporate governance arrangements that differ from those in effect upon completion of this offering.

Warrants — Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of Class A common stock is available, subject to the Company satisfying its obligations with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of residence of the exercising holder, or an exemption from registration is available.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, the Company will use its commercially reasonable efforts to file, and within 60 business days following a Business Combination to have declared effective, a registration statement covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed. Notwithstanding the above, if the Class A common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of Warrants When the Price per Share of Class A common stock Equals or Exceeds $18.00 — Once the warrants become exercisable, the Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at a price of $0.01 per Public Warrant;
- upon a minimum of 30 days' prior written notice of redemption, or the 30-day redemption period to each warrant holder; and
- if, and only if, the last reported sale price of the Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganization, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of shares of common stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of common stock at a price below its

exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

The Private Placement Warrants are identical to the Public Warrants underlying the Units being sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or saleable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above. In connection with the Business Combination Agreement, the Sponsor has agreed to surrender all of the Private Placement Warrants for no additional consideration. However, the Sponsor will be issued up to 4,500,000 PubCo Ordinary Shares (including 1,350,000 Earnout Shares) in exchange for its founder shares from which the Sponsor may recover its investment in the Private Placement Warrants.

The Company accounted for the 23,200,000 warrants to be issued in connection with the Initial Public Offering (including 11,500,000 Public Warrants and 11,700,000 Private Placement Warrants assuming the underwriters' over-allotment option is not exercised) in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the warrants meet the criteria for equity treatment thereunder, each warrant will be recorded as equity.

NOTE 8 — FAIR VALUE MEASUREMENTS

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1 — quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3 — unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

Prior to October 26, 2023, funds in the Trust Account were held only in U.S. government treasury obligations with a maturity of 185 days or less or in money market funds investing solely in U.S. government treasury obligations and meeting certain conditions under Rule 2a — 7 under the Investment Company Act of 1940. However, to mitigate the risk of the Company being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3 (a) (1) (A) of the Investment Company Act), prior to the 24 — month anniversary of the effective date of the registration statement relating to the Company's initial public offering, the Company instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account (the "Trustee"), to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all funds in the Trust Account in cash in an interest bearing account until the earlier of consummation of our initial business combination or liquidation.

In connection with such instructions, on October 26, 2023, the Company and the Trustee entered into an amendment to the Investment Management Trust Agreement dated October 25, 2021, which governs the investment of monies held in the Trust Account, to specifically allow the investment of those funds into an interest bearing account. As of December 31, 2023, the Trust Account was in cash, not investments held at fair value,

The following table presents information about the Company's assets and liabilities that are measured at fair value as of December 31, 2022:

Description	Level	December 31, 2022
Assets:		
Investments held in Trust Account	1	$237,735,165

NOTE 9 — INCOME TAXES

The Company's net deferred tax assets as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating losses	$ 9,474	$ —
Startup/organizational costs	1,561,971	499,292
Total deferred tax assets	1,571,445	499,292
Valuation Allowance	(1,561,971)	(499,292)
Deferred tax asset, net of allowance	$ 9,474	$ —

As of December 31, 2023 and 2022, the Company had $0 of U.S. federal net operating loss ('NOL") carryovers and $240,000 of state NOL carryovers available to offset future taxable income.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statements recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company accrued $130,909 unrecognized tax benefit related to amortizing startup costs for the period ending December 31, 2023.

Below is breakdown of the income tax provision for the years ended December 31, 2023 and December 31, 2022.

	Year Ended December 31, 2023	Year Ended December 31, 2022
Federal		
Current	$ 985,212	$ 620,346
Deferred	(815,393)	(352,928)
State and local		
Current	—	—
Deferred	(247,286)	—
Change in valuation allowance	1,062,679	352,928
Income tax provision	$ 985,212	$ 620,346

In assessing the realization of the deferred tax assets, management considers whether it is more likely than not that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore

established a valuation allowance against startup/ organizational costs. For the years ended December 31, 2023 and December 31,2022, the change in the valuation allowance was $1,062,679 and $352,928, respectively.

A reconciliation of the federal income tax rate to the Company's effective tax rate for the years ended December 31, 2023 and December 31, 2022 is as follows:

	Year Ended December 31, 2023	For the Period From Year Ended December 31, 2022
U.S. federal statutory rate	21.0%	21.0%
State Taxes	4.0%	—%
M&A Costs	(28.8)%	—%
Uncertain Tax Position	3.8%	—%
State Rate Changes	4.1%	—%
Other	(0.7)%	—%
Valuation allowance	(46.2)%	28.9%
Income tax provision	(42.8)%	49.9%

The effective tax rate differs from the statutory tax rate of 21% for the years ended December 31, 2023 and December 31, 2022, due mainly to merger costs and the valuation allowance recorded on the Company's deferred tax assets. The Company files income tax returns in the U.S. federal jurisdiction and is subject to examination by the various taxing authorities. The Company's tax returns since inception remain open.

NOTE 10 — SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements, except as follows:

As part of the extension, the Company subsequently deposited approximately $132,000 into the Trust Account as was required to effect the initial three-month extension (through January 24, 2024), and has since made two equal deposits in January and February 2024 of approximately $44,031 to effect two additional one-month extensions through March 25, 2024 and is expected to make an additional deposit to extend through April 25,2024.

On January 12, 2024, the Sponsor advanced $1,160,000 to the Company to fund general and administrative expenses.

On March 11, 2024, the parties entered into Amendment No. 1 to the Business Combination Agreement. See Note 1 above for a description of this Amendment.

EXCELFIN ACQUISITION CORP.

CONDENSED BALANCE SHEETS
(UNAUDITED)

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash	$ 110,602	$ 45,219
Prepaid expenses	92,801	72,319
Total Current Assets	203,403	117,538
Cash held in trust	17,103,287	23,995,629
Income Tax Receivable	203,916	—
Deferred Tax Asset	3,845	9,474
Total Assets	$ 17,514,451	$ 24,122,641
LIABILITIES, COMMON STOCK SUBJECT TO POSSIBLE REDEMPTION AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	$ 7,600,692	$ 5,874,382
Excise tax payable	2,242,508	2,170,277
Income taxes payable	—	96,158
Franchise tax payable	134,800	36,400
Unrecognized tax benefit	182,975	130,909
Accrued offering costs	400,907	400,907
Due to related parties	1,543,095	322,724
Working capital loan – Sponsor	1,296,653	1,296,654
Total Current Liabilities	13,401,630	10,328,411
Deferred underwriting compensation	1,610,000	1,610,000
Total liabilities	15,011,630	11,938,411
Commitments and Contingencies (Note 6)		
Common stock, subject to possible redemption (1,539,316 and 2,201,533 shares at redemption value as of June 30, 2024, and December 31, 2023, respectively)	16,677,857	23,750,019
Stockholders' deficit:		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, $0.0001 par value, 200,000,000 authorized, 5,750,000 issued and outstanding as of June 30, 2024, and December 31, 2023 (excluding 1,539,316 and 2,201,533 shares subject to possible redemption as of June 30, 2024, and December 31, 2023, respectively)	575	575
Additional paid-in capital	—	—
Accumulated deficit	(14,175,611)	(11,566,364)
Total Stockholders' Deficit:	(14,175,036)	(11,565,789)
Total Liabilities, Common Stock Subject to Possible Redemption and Stockholders' Deficit	$ 17,514,451	$ 24,122,641

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

EXCELFIN ACQUISITION CORP.

CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
EXPENSES				
Financial services and admin fee – related party	$ 30,000	$ 30,000	$ 60,000	$ 60,000
Franchise tax	50,000	51,622	100,000	101,622
General and administrative	935,684	3,394,865	2,678,350	3,822,823
TOTAL EXPENSES	1,015,684	3,476,487	2,838,350	3,984,445
OTHER INCOME				
Income earned on Cash and Investments held in Trust Account	198,002	1,376,395	451,183	3,897,723
TOTAL OTHER INCOME	198,002	1,376,395	451,183	3,897,723
Net (loss) before provision for income taxes	(817,682)	(2,100,092)	(2,387,167)	(86,722)
Provision for income taxes	41,049	278,202	87,621	797,181
Net (loss)	$ (858,731)	$(2,378,294)	$(2,474,788)	$ (883,903)
Weighted average number of shares Class A redeemable common stock outstanding, basic and diluted	1,721,244	7,390,393	1,961,388	15,152,076
Basic and diluted net (loss) per share of Class A redeemable common stock	$ (0.11)	$ (0.18)	$ (0.32)	$ (0.04)
Weighted average number of shares of Class A & Class B non – redeemable common stock outstanding, basic and diluted	5,750,000	5,750,000	5,750,000	5,750,000
Basic and diluted net (loss) per share of Class A & Class B non – redeemable common stock	$ (0.11)	$ (0.18)	$ (0.32)	$ (0.04)

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

EXCELFIN ACQUISITION CORP.

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

	Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Balance as of January 1, 2024	5,750,000	$575	$ —	$(11,566,364)	$(11,565,789)
Current period remeasurement to redemption value	—	—	—	(296,509)	(296,509)
Capital contribution from Sponsor	—	—	—	88,676	88,676
Net loss	—	—	—	(1,616,057)	(1,616,057)
Balance as of March 31, 2024	5,750,000	$575	$ —	$(13,390,254)	$(13,389,679)
Current period remeasurement to redemption value	—	—	—	145,605	145,605
Excise tax on Class A common stock redemption	—	—	—	(72,231)	(72,231)
Net loss	—	—	—	(858,731)	(858,731)
Balance as of June 30, 2024	5,750,000	575	—	$(14,175,611)	$(14,175,036)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

	Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Balance as of January 1, 2023	5,750,000	$575	$ —	$ (8,806,536)	$ (8,805,961)
Current period remeasurement to redemption value	—	—	—	(1,952,348)	(1,952,348)
Net income	—	—	—	1,494,391	1,494,391
Balance as of March 31, 2023	5,750,000	$575	$ —	$ (9,264,493)	$ (9,263,918)
Current period remeasurement to redemption value	—	—	—	(1,046,571)	(1,046,571)
Excise tax on Class A common stock redemption	—	—	—	(1,893,966)	(1,893,966)
Net loss	—	—	—	(2,378,294)	(2,378,294)
Balance as of June 30, 2023	5,750,000	575	—	$(14,583,324)	$(14,582,749)

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

EXCELFIN ACQUISITION CORP.

CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Cash Flows From Operating Activities:		
Net (loss)	$(2,474,788)	$ (883,903)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Income earned on Cash and Investments held in Trust Account	(451,183)	(3,897,723)
Changes in operating assets and liabilities:		
Due to related parties	—	(275,834)
Prepaid expenses	(20,482)	204,893
Income tax payable (receivable)	(300,074)	(329,695)
Franchise tax payable	98,400	(111,090)
Unrecognized tax benefit	52,066	—
Deferred tax asset	5,629	—
Accounts payable and accrued expenses	1,726,308	3,216,005
Net Cash Used in Operating Activities	(1,364,124)	(2,077,347)
Cash Flows From Investing Activities:		
Cash redemption withdrawn from Trust Account	7,223,066	189,396,563
Deposits into Trust Account	(247,541)	—
Withdrawal of trust account funds for taxes	368,000	1,418,788
Net Cash Provided by Investing Activities	7,343,525	190,815,351
Cash Flows From Financing Activities:		
Payments made in relation to redemptions of Class A common stock	(7,223,066)	(189,396,563)
Payments for offering costs	—	(15,000)
Capital contribution from Sponsor	88,676	—
Advances from related party	1,220,371	—
Proceeds from Working Capital Loan	—	502,450
Net Cash Used in Financing Activities	(5,914,019)	(188,909,113)
Net change in cash	65,383	(171,109)
Cash at beginning of period	45,219	351,432
Cash at end of period	$ 110,602	$ 180,323
Supplemental disclosure of cash flow information:		
Cash Paid for Taxes	$ 371,456	$ 1,128,498
Supplemental Disclosure of Non-cash Financing Activities:		
Current period remeasurement to redemption value	$ 150,904	$ 2,998,919
Excise tax on Class A common stock redemptions	$ 72,231	$ 1,893,966

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

ExcelFin Acquisition Corp.

Notes to Unaudited Condensed Financial Statements

NOTE 1 — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS AND LIQUIDITY

ExcelFin Acquisition Corp. (the "Company") was incorporated in Delaware on March 15, 2021. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "Business Combination").

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of June 30, 2024, the Company had not commenced any operations. All activity for the period from March 15, 2021 (inception) through June 30, 2024 relates to the Company's formation and initial public offering ("Initial Public Offering"), which is described below. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering. The Company has selected December 31 as its fiscal year end.

The registration statement for the Company's Initial Public Offering was declared effective on October 21, 2021. On October 25, 2021, the Company consummated the Initial Public Offering of 20,000,000 units ("Units" and, with respect to the common stock included in the Units being offered, the "Public Shares"), generating gross proceeds of $200,000,000, which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private sale (the "Private Placement") of an aggregate of 11,700,000 warrants (the "Private Placement Warrants") to ExcelFin SPAC LLC (the "Sponsor") at a purchase price of $1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of $11,700,000.

On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

As of October 25, 2021, transaction costs amounted to $22,726,465 consisting of $4,600,000 of underwriting fees paid in cash, $8,050,000 of deferred underwriting fees payable (which are held in a trust account with U S Bank acting as trustee (the "Trust Account"), $9,200,000 funded to the trust account and $876,465 of costs related to the Initial Public Offering. Cash of $110,602 was held outside of the Trust Account on June 30, 2024, and was available for working capital purposes. The $8,050,000 deferred underwriting fees are contingent upon the consummation of the Business Combination. The Company entered into fee waiver agreements with KeyBanc Capital Markets Inc. and UBS Securities LLC on August 7, 2023 and August 11, 2023, respectively. Eighty percent (80%), or $6,440,000 in the aggregate, of the deferred underwriting fees have been waived, leaving $1,610,000 of deferred underwriting fees payable to EXOS Securities LLC upon closing pursuant to the Business Combination Agreement. The Company recorded a reduction of $6,440,000 of deferred underwriting fees payable and a gain on forfeiture of deferred underwriting compensation payable in the period ending September 30, 2023. Although the UBS Securities LLC waiver of $6,037,500 relates only to the business combination that may be consummated pursuant to the Business Combination Agreement with Betters, the Company believes that there is only a remote possibility that the Company could consummate another business combination if the Business Combination Agreement with Betters were to be terminated for any reason.

Following the closing of the Initial Public Offering on October 25, 2021, an amount of $234,600,000 ($10.20 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement was placed in a trust account ("Trust Account") until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as described below. Until October 26, 2023, funds in the Trust Account were held only in U.S. government treasury obligations with a maturity of 185 days or less or in money market funds investing solely in U.S. government treasury obligations and meeting

certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended (the "Investment Company Act"). However, to mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), prior to the 24-month anniversary of the effective date of the registration statement relating to the Company's initial public offering, the Company instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account (the "Trustee"), to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all funds in the Trust Account in cash in an interest bearing account until the earlier of consummation of our initial business combination or liquidation. In connection with such instructions, on October 26, 2023, the Company and the Trustee entered into an amendment to the Investment Management Trust Agreement dated October 25, 2021, which governs the investment of monies held in the Trust Account, to specifically allow the investment of those funds into an interest bearing account.

On April 13, 2023, the Company held a special meeting of stockholders (the "First Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from April 25, 2023 to October 25, 2023 (the "First Extension Amendment Proposal"), and the stockholders approved the First Extension Amendment Proposal at that meeting. In connection with the vote to approve the First Extension Amendment Proposal, the holders of 18,211,208 shares of the Company's Class A common stock (representing 79% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. On October 20, 2023, the Company held a special meeting of stockholders (the "Second Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from October 25, 2023 to April 25, 2024 (the "Second Extension Amendment Proposal"), and the stockholders approved the Second Extension Amendment Proposal at that meeting. In connection with the vote to approve the Second Extension Amendment Proposal, the holders of 2,587,259 shares of the Company's Class A common stock (representing 54% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. The Company deposited $132,000 into the Trust Account providing the extension to complete the initial business combination to January 25, 2024, and subsequently, made three equal monthly deposits in January, February, and March 2024 of $44,031 each extending the initial business combination period to April 25, 2024. On April 25, 2024, the Company held a special meeting of stockholders (the "Third Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from April 25, 2024 to July 25, 2024 (the "Third Extension Amendment Proposal"), and the stockholders approved the Third Extension Amendment Proposal at that meeting. In connection with the vote to approve the Third Extension Amendment Proposal, the holders of 662,217 shares of the Company's Class A common stock (representing 30% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. The Company deposited made three equal monthly deposits in April, May, and June 2024 of $38,483 each extending the initial business combination period to July 25, 2024. On July 24, 2024, the Company held a special meeting of stockholders (the "Fourth Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from July 25, 2024 to December 25, 2024 (the "Fourth Extension Amendment Proposal"), and the stockholders approved the Fourth Extension Amendment Proposal at that meeting. In connection with the vote to approve the Fourth Extension Amendment Proposal, the holders of 705,330 shares of the Company's Class A common stock (representing approximately 46% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. In connection with this these redemptions, approximately $7.7 million was withdrawn from the trust account to fund such redemptions, leaving a balance of approximately $9.1 million. The Company subsequently deposited approximately $25,020 into the Trust Account as was required to effect the initial one-month extension approved as part of the Fourth Extension Amendment Proposal extending the period for an initial business combination to August 25, 2024, and ability to continue one month extensions through December 25, 2024 if additional deposits into the Trust Account are made accordingly.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations with one or more operating businesses or assets with a fair market value equal to at least 80% of the value of the net assets held in the Trust Account (as

defined below) (excluding the deferred underwriting commissions and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Upon the closing of the Initial Public Offering, management has agreed that an amount equal to at least $10.20 per Unit sold in the Initial Public Offering, including proceeds of the Private Placement Warrants, will be held in a trust account ("Trust Account"), located in the United States until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account, as described below.

In connection with the redemptions, the Company recorded an excise tax liability of $2.24 million.

In connection with the First Extension Meeting, the Company and the Sponsor, entered into non-redemption agreements (the "Non-Redemption Agreements") with unaffiliated third parties, pursuant to which such third parties agreed not to redeem (or to validly rescind any redemption requests on) an aggregate of 5,020,000 shares of Class A common stock of the Company ("Non-Redeemed Shares") in connection with the First Extension Meeting. In exchange for the foregoing commitments, the Sponsor has agreed to transfer an aggregate of 1,250,000 shares of Class B common stock of the Company held by the Sponsor to such third parties immediately following consummation of an initial business combination provided such parties continue to hold such Non-Redeemed Shares through the First Extension Meeting.

Business Combination Agreement

On June 26, 2023, the Company, Betters Medical Investment Holdings Limited, a Cayman Islands exempted company ("Betters"), Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a direct, wholly owned subsidiary of Betters ("PubCo"), Betters Medical Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo ("Merger Sub" and, together with PubCo, each, individually, an "Acquisition Entity" and, collectively, the "Acquisition Entities"), 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 Betters ("Tycoon"), entered into a Business Combination Agreement (the "Business Combination Agreement"). The Business Combination Agreement and the transactions contemplated thereby (the "Transactions") were unanimously approved by the Company's board of directors. The Transactions were also unanimously approved by the board of directors of each of PubCo, Merger Sub, Betters and Tycoon, approved by the stockholders of Betters, approved by the sole stockholder of Tycoon and approved by the sole stockholder of Merger Sub.

On March 11, 2024, the Parties entered into a First Amendment to the Business Combination Agreement, the primary terms of which are:

- (x) 20,588,235 PubCo Ordinary Shares to be held by Betters at Closing (70% of such shares) shall be fully vested and freely tradable and (y) 8,823,529 PubCo Ordinary Shares to be held by Betters at Closing (30% of such shares) shall be subject to vesting and forfeiture as described below (the "Betters Earnout Shares").
- The Betters Earnout Shares shall become fully vested if prior to 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.
- In the event that there is a Change of Control of PubCo prior to the eighth anniversary of the Effective Time, and the corresponding valuation of PubCo Ordinary Shares implied by that Change of Control is greater than or equal to the Price Target, the Betters Earnout Shares shall become fully vested immediately prior to such Change of Control.
- All references to SPAC Closing Cash needing to be at least $15.0 million have been removed from the Business Combination Agreement.
- The Maximum Extension Date has been changed from June 25, 2024 to May 25, 2024.

On May 16, 2024, the Parties entered into a Second Amendment to the Business Combination Agreement, the primary terms of which were to extend the Maximum Extension Date from May 25, 2024 to August 25,

2024. On June 17, 2024, the Parties entered into a Third Amendment to the Business Combination Agreement, the primary terms of which were to provide that:

- Betters Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo ("Merger Sub 2"), and Betters Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly owned Subsidiary of Betters ("NewCo") are added as parties to the Business Combination Agreement;
- Prior to Closing, (x) Betters will transfer 1,947,058 PubCo Ordinary Shares to Newco and (y) Cheer Aim Investment Limited and National Hero International Limited, stockholders of Betters, will exchange their ownership interests in Betters for all of the outstanding ownership interests in Newco;
- 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").
- In the Second Merger, 1,947,058 PubCo Ordinary Shares transferred by Betters to Newco will be cancelled, and an equal number of PubCo Ordinary Shares will be issued to the Minority Holders;
- The $5,000,001 net tangible asset closing condition has been removed.

The Company will provide the holders of the outstanding Public Shares (the "Public Stockholders") with the opportunity to redeem all or a portion of their Public Shares either (i) in connection with a stockholders meeting called to approve the Business Combination or (ii) by means of a tender offer in connection with the Business Combination. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company. The Public Stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be $10.20 per Public Share, plus any pro rata interest then in the Trust Account, net of taxes payable). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. The Public Shares subject to redemption are recorded at a redemption value and classified as temporary equity in accordance with the Accounting Standards Codification ("ASC") Topic 480 "*Distinguishing Liabilities from Equity*" ("ASC 480").

If the Company seeks stockholder approval of the Business Combination, the Company will proceed with a Business Combination if a majority of the outstanding shares voted are voted in favor of the Business Combination, or such other vote as required by law or stock exchange rule. If a stockholder vote is not required by applicable law or stock exchange listing requirements and the Company does not decide to hold a stockholder vote for business or other reasons, the Company will, pursuant to its second amended and restated certificate of incorporation (the "Certificate of Incorporation"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, stockholder approval of the transaction is required by applicable law or stock exchange listing requirements, or the Company decides to obtain stockholder approval for business or other reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Public Offering in favor of approving a Business Combination. Additionally, each Public Stockholder may elect to redeem their Public Shares without voting, and if they do vote, irrespective of whether they vote for or against the proposed transaction.

Notwithstanding the foregoing, if the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Certificate of Incorporation provides that a Public Stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 20% of the Public Shares, without the prior consent of the Company.

The holders of the Founder Shares have agreed (a) to waive their redemption rights with respect to the Founder Shares and Public Shares held by them in connection with the completion of a Business Combination and (b) not to propose an amendment to the Certificate of Incorporation (i) to modify the substance or timing of the Company's obligation to allow redemptions in connection with a Business Combination or to redeem

100% of its Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to stockholders' rights or pre-business combination activity, unless the Company provides the Public Stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment.

If the Company has not completed a Business Combination and/or made the monthly required contributions into the Trust Account of $25,019 providing the ability to extend up to December 25, 2024 (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to pay taxes (less up to $100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholders and the Company's board of directors, dissolve and liquidate, subject in each case to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The holders of the Founders Shares have agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the holders of Founder Shares acquire Public Shares in or after the Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (i) $10.20 per Public Share or (ii) such lesser amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.20 per Public Share due to reductions in the value of the trust assets, in each case net of the amount of interest which may be withdrawn to pay taxes, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except for the Company's independent registered accounting firm), prospective target businesses and other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Going Concern and Management's Plan

As of June 30, 2024, the Company had cash of $110,602 and a working capital deficit of $12,880,452.

The Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans and while the Company believes it has sufficient access to additional sources of capital, if necessary, there is no current commitment on the part of any financing source to provide additional capital and no assurances can be provided that such additional capital will ultimately be available. In addition, the Company currently has less than 12 months from the date these unaudited condensed financial statements were issued to complete a Business Combination and if the Company is unsuccessful in consummating an Initial Business

Combination by the end of the Combination Period, which is less than twelve months from the date these unaudited condensed financial statements were issued, it is required to liquidate and dissolve. In connection with the Company's assessment of going concern considerations in accordance with Accounting Standards Update ("ASU") 2014-15, "*Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*," management has determined that these factors raise substantial doubt about its ability to continue as a going concern. The unaudited condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty. As is customary for a special purpose acquisition company, if the Company is not able to consummate a Business Combination during the Combination Period, it will cease all operations and redeem the Public Shares. Management plans to continue its efforts to consummate a Business Combination during the Combination Period.

Risks and Uncertainties

Also, on October 7, Hamas launched an attack on Israel resulting in Israel declaring war on Hamas. It is Hamas's announced intent to instigate a regional war on Israel by those countries sympathetic to its cause. Additionally, the Russian Federation and Ukraine remain at war. The Company's ability to consummate a Business Combination, or the operations of a target business with which the Company ultimately consummates a Business Combination, may be materially and adversely affected by these military actions and related sanctions. In addition, the Company's ability to consummate a transaction may be dependent on the ability to raise equity and debt financing which may be impacted by these events, including as a result of increased market volatility, or decreased market liquidity in third-party financing being unavailable on terms acceptable to the Company or at all. The impact of this action and related sanctions on the world economy and the specific impact on the Company's financial position, results of operations or ability to consummate a Business Combination are not yet determinable. The unaudited condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On January 24, 2024, the SEC issued final rules ("Final Rules") which became effective on July 1, 2024, relating to, among other items, enhancing disclosures in business combination transactions involving SPACs and private operating companies; amending the financial statement requirements applicable to transactions involving shell companies; effectively limiting the use of projections in SEC filings in connection with proposed business combination transactions; increasing the potential liability of certain participants in proposed business combination transactions; and the extent to which SPACs could become subject to regulation under the Investment Company Act of 1940. These rules may materially adversely affect our ability to engage financial and capital market advisors, negotiate and complete the Business Combination and may increase the costs and time related thereto.

Inflation Reduction Act of 2022

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly traded U.S. domestic corporations and certain U.S. domestic subsidiaries of publicly traded foreign corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from whom shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases made during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the "U.S. Treasury") has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax. In April 2024, the Treasury issued proposed regulations providing guidance with respect to the Excise Tax. Taxpayers may rely on these proposed regulations until final regulations are issued. Under the proposed regulations, liquidating distributions made by publicly traded domestic corporations are exempt from the Excise Tax. In addition, any redemptions that occur in the same taxable year as a liquidation is completed will also be exempt from such tax.

Any redemption or other repurchase that occurs after December 31, 2022, in connection with a Business Combination, extension vote or otherwise, may be subject to the excise tax. Whether and to what extent the Company would be subject to the excise tax in connection with a Business Combination, extension vote or

otherwise would depend on a number of factors, including (i) the fair market value of the redemptions and repurchases in connection with the Business Combination, extension or otherwise, (ii) the structure of a Business Combination, (iii) the nature and amount of any "PIPE" or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a Business Combination) and (iv) the content of regulations and other guidance from the U.S. Treasury. In addition, because the excise tax would be payable by the Company and not by the redeeming holder, the mechanics of any required payment of the excise tax have not been determined. The foregoing could cause a reduction in the cash available on hand to complete a Business Combination and in the Company's ability to complete a Business Combination.

The Company determined that the $224,250,779 in trust account value relating to the Class A common stock redeemed (as noted above) is subject to the excise tax. Accordingly, an excise tax payable of $2,242,508 was recognized upon the redemptions and was recorded as a liability on the unaudited condensed balance sheet and as a charge to Accumulated Deficit. The Company accrued $2,170,277 and $72,231 in excise tax in 2023 and 2024, respectively. The Company will continue to assess the excise tax payable recognizing an additional excise tax liability for any future stock repurchases/redemptions and netting such liability accrued in 2024 for any future stock issuances within the same annual period.

During the second quarter of 2024, the IRS issued final regulations with respect to the timing and payment of excise tax. Pursuant to those regulations, the Company would need to file a return and remit payment of any liability incurred during the period from January 1, 2023, to December 31, 2023, on or before October 31, 2024.

The Company is currently evaluating its options with respect to payment of this obligation. If the Company is unable to pay its obligation in full, it will be subject to additional interest and penalties which are currently estimated at 10% interest per annum and a 5% underpayment penalty per month or portion of a month up to 25% of the total liability for any amount that is unpaid from November 1, 2024, until paid in full.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the rules and regulations of the SEC.

Certain information and note disclosures normally included in the unaudited condensed financial statements prepared in accordance with US GAAP have been condensed. As such, except as disclosed herein, the information included in these unaudited condensed financial statements should be read in conjunction with the audited condensed financial statements as of December 31, 2023 filed with the SEC on the Form 10-K. In the opinion of the Company's management, these unaudited condensed financial statements include all adjustments, which are only of a normal and recurring nature, necessary for a fair statement of the Company's financial position as of June 30, 2024, and the Company's results of operations and cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2024, are not necessarily indicative of the results to be expected for the full year ending December 31, 2024. Certain reclassifications revisions have been made to prior-period financial statements to conform to the current-period presentation.

Emerging Growth Company

The Company is an "emerging growth company", as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's unaudited condensed financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the unaudited condensed financial statements in conformity with US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements and the reported amounts of expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times, may exceed the Federal depository insurance coverage of $250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts, however, in the event of a financial institution failure, cash balances in excess of $250,000 may be unrecoverable to the Company.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of June 30, 2024 and December 31, 2023.

Interest-bearing Cash held in Trust Account

As of June 30, 2024 and December 31, 2023, the Company had approximately $17 million and $24 million in cash held in the Trust Account, respectively.

Offering Costs associated with an Initial Public Offering

The Company complies with the requirements of the Financial Accounting Standards Board ("FASB") ASC 340-10-S99-1 and SEC Staff Accounting Bulletin ("SAB") Topic 5A, "*Expenses of Offering*." Offering costs associated with the Units were allocated between temporary equity and the Public Warrants by the relative fair value method. Offering costs of $876,465 consisted principally of costs incurred in connection with preparation for the Initial Public Offering such as professional fees and listing and filing fees. These offering costs, together with the underwriter fees of $12,650,000, were allocated between temporary equity and the Public Warrants in a relative fair value method upon completion of the Initial Public Offering.

Class A common stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance enumerated in ASC 480. Common stock subject to mandatory redemption are classified as a liability

instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock are classified as stockholders' equity. The Company's Class A common stock feature certain redemption rights that are considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of June 30, 2024 and December 31, 2023, the Class A common stock subject to possible redemption in the amount of $16,677,857 and $23,750,019 is presented as temporary equity, outside of the stockholders equity section of the Company's balance sheets, respectively. The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable common stock are affected by charges against additional paid-in capital and accumulated deficit.

As of June 30, 2024 and December 31, 2023, the Class A common stock reflected in the balance sheets is reconciled in the following table:

Class A common stock subject to possible redemption – December 31, 2022	$ 236,903,730
Remeasurement adjustment of carrying value to redemption value	3,874,002
Redemptions and withdrawals	(217,027,714)
Class A common stock subject to possible redemption – December 31, 2023	23,750,019
Remeasurement adjustment of carrying value to redemption value	150,904
Redemptions and withdrawals	(7,223,066)
Class A common stock subject to possible redemption – June 30, 2024	$ 16,677,857

Net (loss) per share

Net (loss) income per share is computed by dividing net (loss) income by the weighted average number of shares of common stock outstanding during the period. The Company applies the two-class method in calculating earnings and losses per share. Earnings and losses are shared pro rata between the two classes of shares. The calculation of diluted (loss) income per share of common stock does not consider the effect of the warrants issued in connection with the (i) Public Offering and (ii) Private Placement, since their inclusion would be anti-dilutive under the two-class method. As a result, diluted earnings and losses per share of common stock is the same as basic earnings and losses per share of common stock for the periods presented. The warrants are exercisable to purchase shares of 11,500,000 Class A common stock in the aggregate.

The following table reflects the calculation of basic and diluted net (loss) income per common share (in dollars, except per share amounts):

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023
Class A redeemable common stock		
Numerator: (Loss) allocable to Class A redeemable common stock	$ (197,837)	$(1,337,595)
Denominator: Basic and diluted weighted average shares outstanding	1,721,244	7,390,393
Basic and diluted net (loss) per share, Class A redeemable common stock	$ (0.11)	$ (0.18)
Class A & B non-redeemable common stock		
Numerator: (Loss) allocable to Class A & B non-redeemable common stock	$ (660,894)	$(1,040,699)
Denominator: Basic and diluted weighted average shares outstanding	5,750,000	5,750,000
Basic and diluted net (loss) per share, Class A & B non-redeemable common stock	$ (0.11)	$ (0.18)

	For the Six Months Ended June 30,2024	For the Six Months Ended June 30, 2023
Class A redeemable common stock		
Numerator: (Loss) allocable to Class A redeemable common stock	$ (629,461)	$ (640,748)
Denominator: Basic and diluted weighted average shares outstanding	1,961,388	15,152,076
Basic and diluted net (loss) per share, Class A redeemable common stock	$ (0.32)	$ (0.04)
Class A & B non-redeemable common stock		
Numerator: (Loss) allocable to Class A & B non-redeemable common stock	$(1,845,327)	$ (243,155)
Denominator: Basic and diluted weighted average shares outstanding	5,750,000	5,750,000
Basic and diluted net (loss) per share, Class A & B non-redeemable common stock	$ (0.32)	$ (0.04)

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under ASC 740, *"Income Taxes."* Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the unaudited condensed financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the unaudited condensed financial statements recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were $182,975 and zero unrecognized tax benefits and zero amount accrued for interest and penalties as of June 30, 2024, and 2023, respectively. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company's effective tax rate was (5.02)% and (3.67) % for the three and six months ended June 30, 2024, respectively. The Company's effective tax rate was (919.2)% and (13.3)% for the three and six months ended June 30, 2023, respectively. The effective tax rate differs from the statutory tax rate of 21.0% for the three months ended June 30, 2024, and 2023, due to changes in the valuation allowance on the deferred tax assets and nondeductible transaction costs.

While ASC 740 identifies usage of the effective annual tax rate for purposes of an interim provision, it does allow for estimating individual elements in the current period if they are significantly unusual or infrequent. Computing the ETR for the Company is complicated due to the potential impact of the Company's change in fair value of warrants for any other change in fair value of a complex financial instrument), the timing of any potential Business Combination expenses and the actual interest income that will be recognized during the year. The Company has taken a position as to the calculation of income tax expenses in the current period based on 740-270-25-3 which states, "if an entity is unable to estimate a part of its ordinary income (or loss) or the related tax (or benefit) but is otherwise able to make a reliable estimate, the tax (or benefit) applicable to the item that cannot be estimated shall be reported in the interim period in which the item is reported." The Company believes its calculation to be a reliable estimate and allows it to properly take into account the unusual elements that can impact its annualized book income and its impact on ETR. As such, the Company is computing its taxable income (loss) and associated income tax provision based on actual results through June 30, 2024.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid to transfer of a liability, in an orderly transaction between market participants at the measurement date. US GAAP establishes

a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "*Derivatives and Hedging*" ("ASC 815"). For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether or not net- cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

Warrants

The Company accounts for warrants as equity-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 and ASC 815. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment is conducted at the time warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all of the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter.

Recent Accounting Standards

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which requires disclosures of incremental income tax information within the rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. ASU 2023-09 is effective for the fiscal year beginning after December 15, 2024. Early adoption is permitted. The Company's management does not believe the adoption of ASU 2023-09 will have a material impact on its financial statements and disclosures.

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's unaudited condensed financial statements.

NOTE 3 — INITIAL PUBLIC OFFERING

Pursuant to the Initial Public Offering, the Company sold 20,000,000 Units at a purchase price of $10.00 per Unit generating gross proceeds to the Company in the amount of $200,000,000. Each Unit consists of one

share of the Company's Class A common stock, par value $0.0001 per share (the "Class A common stock"), and one-half of redeemable warrant of the Company (each whole warrant, a "Warrant"), with each whole Warrant entitling the holder thereof to purchase one whole share of Class A common stock at a price of $11.50 per share, subject to adjustment.

On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

NOTE 4 — PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private sale (the "Private Placement") of an aggregate of 11,700,000 warrants (the "Private Placement Warrants") to the Sponsor at a purchase price of $1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of $11,700,000.

A portion of the proceeds from the Private Placement Units was added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Units held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Units will be worthless.

The Private Placement Warrants (including the Class A common stock issuable upon exercise of the Private Placement Warrants) will not be transferable, assignable or salable until 30 days after the completion of an Initial Business Combination, subject to certain exceptions. In connection with the Business Combination Agreement, the Sponsor has agreed to surrender all of the private placement warrants for no additional consideration.

NOTE 5 — RELATED PARTY TRANSACTIONS

Founder Shares

In March 2021, the Sponsor purchased 5,750,000 shares of the Company's Class B common stock (the "Founder Shares") in exchange for $25,000. The Founder Shares include an aggregate of up to 750,000 shares subject to forfeiture to the extent that the underwriters' overallotment is not exercised in full or in part, so that the number of Founder Shares will equal, on an as-converted basis, approximately 20% of the Company's issued and outstanding shares of common stock after the Initial Public Offering. The Founder Shares are no longer subject to forfeiture due to full exercise of the over-allotment by the underwriter.

In connection with the First Extension Meeting, the Company and the Sponsor, entered into non-redemption agreements (the "Non-Redemption Agreements") with unaffiliated third parties, pursuant to which such third parties agreed not to redeem (or to validly rescind any redemption requests on) an aggregate of 5,020,000 shares of Class A common stock of the Company ("Non-Redeemed Shares") in connection with the First Extension Meeting. In exchange for the foregoing commitments, the Sponsor has agreed to transfer an aggregate of 1,250,000 shares of Class B common stock of the Company held by the Sponsor to such third parties immediately following consummation of an initial business combination provided such parties continue to hold such Non-Redeemed Shares through the First Extension Meeting.

The holders of the Founder Shares have agreed, subject to limited exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier to occur of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the last sale reported price of the Class A common stock equals or exceeds $12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital share exchange or other similar transaction that results in all of the Public Stockholders having the right to exchange their shares of common stock for cash, securities or other property.

In May 2021, each of our independent directors and advisors acquired an equity interest in our sponsor, which owns all of the founder shares. The founder shares are subject to lockup restrictions and will become

worthless unless the Company completes a business combination prior to the time the Company is obligated to redeem all of the outstanding Class A common stock. The aggregate fair value of the equity interests in our sponsor transferred to the independent directors and advisors at the date of such transfer was estimated to be $171,000, which was calculated using a valuation model that takes into account various assumptions such as the probability of successfully completing the initial public offering, the probability of successfully completing a business combination, marketability and various other factors. Since the equity interests in the sponsor transferred to each of the independent directors and advisors will be worthless unless a business combination is consummated, compensation expense will not be recognized regarding this issuance until consummation of the business combination.

Working Capital Loan — Related Party

On March 18, 2021, the Sponsor issued an unsecured promissory note to the Company (the "Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of $300,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) December 31, 2021 or (ii) the consummation of the Initial Public Offering. On October 25, 2021 this obligation was exchanged for a non-interest bearing Working Capital Loan of $300,000. On February 28, 2023, the Company borrowed an additional $502,450 under the Working Capital Loan. On May 3, 2023, the Company and the Sponsor entered into the Amended and Restated Promissory Note to amend and restate the terms of the Working Capital Loan. The sole purpose of this amendment was to extend the maturity date of the Working Capital Loan from the previous business combination deadline of April 25, 2023 to the new business combination deadline of October 25, 2023. On October 31, 2023, the Company and the Sponsor entered into the Amended and Restated Promissory Note to amend and restate the terms of the Working Capital Loan. The sole purpose of this amendment was to extend the maturity date of the Working Capital Loan from the previous business combination deadline of October 25, 2023 to the new business combination deadline of April 25, 2024. On April 25, 2024, the Company and the Sponsor entered into the Amended and Restated Promissory Note to amend and restate the terms of the Working Capital Loan. The sole purpose of this amendment was to extend the maturity date of the Working Capital Loan from the previous business combination deadline of April 25, 2024 to the new business combination deadline of July 25, 2024. On July 24, 2024, the Company and the Sponsor entered into the Amended and Restated Promissory Note to amend and restate the terms of the Working Capital Loan. The sole purpose of this amendment was to extend the maturity date of the Working Capital Loan from the previous business combination deadline of July 25, 2024 to the new business combination deadline of December 25, 2024. The maturity date of the Working Capital Loan is the earlier of (i) December 25, 2024 or (ii) the date on which the Company consummates its initial business combination. As of June 30, 2024, and December 31, 2023, the amount outstanding on the Working Capital Loan was $1,296,654, respectively.

The Sponsor has agreed that at the Closing of the Business Combination, all amounts outstanding under the Working Capital Loan will be converted into PubCo Ordinary Shares at a price of $10.20 per share.

Administrative Services Agreement

Commencing on the date the Units are first listed on the New York Stock Exchange, the Company has agreed to pay an affiliate of the Sponsor a total of $10,000 per month for office space and administrative and support services. Upon completion of the Initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. During the three months ended June 30, 2024, and 2023, the Company recorded $30,000 for services under the administrative services agreement.

Advances from Related Party

As of June 30, 2024, and December 31, 2023, $1,543,095 and $322,724, respectively, have been provided to the Company outside of any Working Capital Loan advances by the Sponsor and were outstanding and included in due to related parties on the accompanying balance sheets.

Financial Services Agreement — Related Party

The Company was obligated to pay Fin Capital, an affiliate of our Sponsor, a total of $112,500 per quarter for consulting, legal, accounting and diligence services beginning at the date of formation of the

Company through the earlier of December 31, 2022 or the closing of the business combination. Accordingly, during the three months ended June 30, 2024 and 2023, $0 has been incurred as an expense to related party Fin Capital for these services, respectively. As of June 30, 2024 and December 31, 2023, there was $0 due to Fin Capital and is included in due to related parties on the accompanying balance sheets.

Forward Purchase Agreements

In connection with ExcelFin IPO, two Sponsor Affiliates were granted the right to purchase, pursuant to a forward purchase agreement, up to 6,500,000 forward purchase units, consisting of one share of Class A common stock and one-half of one warrant to purchase one share of Class A common stock, for $10.00 per unit, or an aggregate amount of up to $65,000,000, in a private placement that will close concurrently with the closing of our initial business combination. The Sponsor Affiliates have not elected to purchase any securities under the forward purchase agreement.

Sponsor Funding of Trust Account

In order to fund the trust to the required level, the Sponsor purchased 11,700,000 private placement warrants upon the closing of our initial public offering for a purchase price of $11,700,000, of which $9,200,000 was deposited into the trust account. On October 20, 2023, the Company held a special meeting of stockholders (the "Second Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from October 25, 2023, to April 25, 2024 (the "Second Extension Amendment Proposal"), and the stockholders approved the Second Extension Amendment Proposal at that meeting. The Company subsequently deposited approximately $132,000 into the Trust Account as was required to effect the initial three — month extension approved as part of the Second Extension Amendment Proposal (through January 25, 2024), and has since made three equal deposits of approximately $44,031 to effect three additional one — month extensions through April 25, 2024. On April 25, 2024, the Company held a special meeting of stockholders (the "Third Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from April 25, 2024 to July 25, 2024 (the "Third Extension Amendment Proposal"), and the stockholders approved the Third Extension Amendment Proposal at that meeting. The Company subsequently deposited three payments each of approximately $38,483 into the Trust Account as was required to effect the three one-month extensions approved as part of the Third Extension Amendment Proposal. The funds for the extensions were initially provided to the Company by the Sponsor. Under the Business Combination Agreement described below, Betters is obligated to reimburse and has reimbursed the Company for the full amount of these extension payments.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Registration Rights

The holders of the Founder Shares, Private Placement Units and warrants that may be issued upon conversion of Working Capital Loans (and any shares of common stock issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights pursuant to a registration rights agreement to be signed prior to or on the effective date of Initial Public Offering requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to shares of Class A common stock). The holders of these securities will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not be required to effect or permit any registration or cause any registration statement to become effective until the securities covered thereby are released from their lock-up restrictions. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were paid a cash underwriting discount of $0.20 per Unit, or $4,600,000, upon the closing of the Initial Public Offering. In addition, the underwriters are entitled to a deferred fee of $0.35 per

Unit, or $8,050,000. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement. The Company entered into fee waiver agreements with KeyBanc Capital Markets Inc. and UBS Securities LLC on August 7, 2023 and August 11, 2023, respectively. Eighty percent (80%), or $6,440,000 in the aggregate, of the deferred underwriting fees have been waived, leaving $1,610,000 of deferred underwriting fees payable to EXOS Securities LLC upon closing pursuant to the Business Combination Agreement. The Company recorded a reduction of $6,440,000 of deferred underwriting fees payable and a gain on forfeiture of deferred underwriting compensation payable in the period ending September 30, 2023. Although the UBS Securities LLC waiver of $6,037,500 relates only to the business combination that may be consummated pursuant to the Business Combination Agreement with Betters, the Company believes that there is only a remote possibility that the Company could consummate another business combination if the Business Combination Agreement with Betters were to be terminated for any reason.

The Company granted the underwriters a 45-day option from the date of Initial Public Offering to purchase up to 3,000,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and commissions. On October 25, 2021, the underwriters purchased an additional 3,000,000 Option Units pursuant to the full exercise of the over-allotment option. The Option Units were sold at an offering price of $10.00 per Unit, generating additional gross proceeds to the Company of $30,000,000.

Business Combination Related Agreement

On February 23, 2023, the Company entered into a capital markets and advisory agreement. Fees are earned and payable on closing of the business combination. The fee is 0.4% of the target's enterprise value. There is also a discretionary fee, the amount of which is determined by the Company.

On July 18, 2023, the Company engaged Roth Capital Partners, LLC ("Roth") to serve as a capital markets advisor. On September 7, 2023, the Company engaged Haitong International Securities (USA) Inc. ("HTI-USA") to act as a placement agent in connection with a potential PIPE Investment. Upon the consummation of the Business Combination, each of Roth and HTI-USA will be paid an advisory fee of $500,000 and a placement agent fee equal to 6.0% of gross proceeds raised by the respective advisor, and will also be entitled to reimbursement for certain of their out-of-pocket expenses.

In connection with the First Amendment to the Business Combination Agreement, which was entered into on March 11, 2024, the Board engaged Houlihan Capital, LLC to provide its opinion with respect to the fairness of the transaction, from a financial point of view to the public stockholder of the Company. Houlihan Capital's fees to the Company for services in connection with issuing the Opinion were $175,000, with $5,000 of such fee deferred until closing of the Business Combination.

NOTE 7 — STOCKHOLDERS' DEFICIT

Preferred Stock — The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of June 30, 2024 and December 31, 2023, there were no shares of preferred stock issued or outstanding.

Class A common stock — The Company is authorized to issue 200,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. As of June 30, 2024 and December 31, 2023, there were no shares of Class A common stock issued or outstanding. As of June 30, 2024 and December 31, 2023, 1,539,316 and 2,201,533 shares, respectively, of Class A common stock subject to possible redemption are presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheets.

Class B common stock — The Company is authorized to issue 50,000,000 shares of Class B common stock with a par value of $0.0001 per share. Holders of Class B common stock are entitled to one vote for each share. On October 25, 2023, all outstanding shares of Class B common stock were converted into an equal

number of shares of Class A common stock. As of June 30, 2024 and December 31, 2023, there were no shares of Class B common stock issued and outstanding.

On October 25, 2021, the underwriters exercised the over-allotment option in full to purchase 3,000,000 Public Units. As a result, 750,000 founder shares are no longer subject to forfeiture. Holders of Class A common stock and holders of Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders except as otherwise required by law. In connection with our initial business combination, the Company may enter into a stockholders' agreement or other arrangements with the stockholders of the target or other investors to provide for voting or other corporate governance arrangements that differ from those in effect upon completion of this offering.

The shares of Class B common stock will automatically convert into Class A common stock at the time of a Business Combination, or earlier at the option of the holder, on a one-for-one basis, subject to adjustment. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts issued in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the then-outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as-converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of Initial Public Offering plus all shares of Class A common stock and equity-linked securities issued or deemed issued in connection with a Business Combination (net of the number of shares of Class A common stock redeemed in connection with a Business Combination), excluding any shares or equity-linked securities issued or issuable to any seller of an interest in the target to us in a Business Combination.

Warrants — Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of Class A common stock is available, subject to the Company satisfying its obligations with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of residence of the exercising holder, or an exemption from registration is available.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, the Company will use its commercially reasonable efforts to file, and within 60 business days following a Business Combination to have declared effective, a registration statement covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed. Notwithstanding the above, if the Class A common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of Warrants When the Price per Share of Class A common stock Equals or Exceeds $18.00 — Once the warrants become exercisable, the Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at a price of $0.01 per Public Warrant;

- upon a minimum of 30 days' prior written notice of redemption, or the 30-day redemption period to each warrant holder; and
- if, and only if, the last reported sale price of the Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganization, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of shares of common stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless. In connection with the Business Combination Agreement, the Sponsor has agreed to surrender all of the private placement warrants for no additional consideration.

The Private Placement Warrants are identical to the Public Warrants underlying the Units being sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or saleable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above.

Our Sponsor has purchased an aggregate of 11,700,000 Private Placement Warrants at a price of $1.00 per warrant ($11,700,000 in the aggregate) in a private placement that occurred simultaneously with the closing of our IPO. Each Private Placement Warrant entitles the holder to purchase one share of Class A common stock at a price of $11.50 per share, subject to adjustment as provided herein. The Private Placement Warrants are identical to the warrants sold as part of the units in our IPO except that: (1) they will not be redeemable by us; (2) they (including the shares of Class A common stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by our Sponsor until 30 days after the completion of our initial business combination; (3) they may be exercised by the holders on a cashless basis; and (4) they (including the shares of Class A common stock issuable upon exercise of these warrants) are entitled to registration rights.

The Company accounted for the 23,200,000 warrants to be issued in connection with the Initial Public Offering (including 11,500,000 Public Warrants and 11,700,000 Private Placement Warrants assuming the underwriters' over-allotment option is not exercised) in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the warrants meet the criteria for equity treatment thereunder, each warrant will be recorded as equity.

NOTE 8 — FAIR VALUE MEASUREMENTS

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the

transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1 — quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3 — unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

Prior to October 26, 2023, Company's portfolio of investments were comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less and generally have a readily determinable fair value. Such investments are classified as trading securities. However, to mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), prior to the 24-month anniversary of the effective date of the registration statement relating to the Company's initial public offering, the Company instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account (the "Trustee"), to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all funds in the Trust Account in cash in an interest bearing account until the earlier of consummation of our initial business combination or liquidation. In connection with such instructions, on October 26, 2023, the Company and the Trustee entered into an amendment to the Investment Management Trust Agreement dated October 25, 2021, which governs the investment of monies held in the Trust Account, to specifically allow the investment of those funds into an interest bearing account. Trading securities are presented on the balance sheet at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in net gain on investments held in Trust Account in the accompanying statement of operations. The estimated fair values of investments held in the Trust Account are determined using available market information. As of June 30, 2024 and December 31, 2023, the Company had $17 million and $24 million, respectively, in cash held in the Trust Account.

The following table presents information about the Company's assets and liabilities that are measured at fair value as of June 30, 2024 and December 31, 2023:

Description	Level	June 30, 2024	December 31, 2023
Assets:			
Cash held in Trust Account	1	$17,103,287	$23,995,629

NOTE 9 — SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the unaudited condensed financial statements were issued. Based upon this review, except as noted below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the unaudited condensed financial statements.

On July 24, 2024, the Company held a special meeting of stockholders (the "Fourth Extension Meeting") to vote on a proposal to extend the date by which the Company must complete its initial business combination from July 25, 2024 to December 25, 2024 (the "Fourth Extension Amendment Proposal"), and the stockholders approved the Fourth Extension Amendment Proposal at that meeting. In connection with the vote to approve the Fourth Extension Amendment Proposal, the holders of 705,330 shares of the Company's

Class A common stock (representing approximately 46% of the shares of Class A common stock then outstanding) properly exercised their rights to redeem their shares for cash. In connection with these redemptions, approximately $7.7 million was withdrawn from the trust account to fund such redemptions, leaving a balance of approximately $9.1 million. The Company subsequently deposited approximately $25,020 into the Trust Account as was required to effect the initial one-month extension approved as part of the Fourth Extension Amendment Proposal extending the period for an initial business combination to August 25, 2024, and ability to continue one month extensions through December 25, 2024 if additional deposits into the Trust Account are made accordingly.

On July 24, 2024, the Working Capital Loan was amended and restated to extend the maturity date thereof to December 25, 2024.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

The laws of the Cayman Islands do not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against willful default, willful neglect, civil fraud or the consequences of committing a crime. The Amended and Restated Memorandum and Articles of Association provide for indemnification of our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our 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 person in defending (whether successfully or otherwise) any civil proceedings concerning us or our affairs in any court whether in the Cayman Islands or elsewhere.

Under the indemnification agreement, we will agree to indemnify each such person and hold him harmless against expenses, judgments, fines and amounts payable under settlement agreements in connection with any threatened, pending or completed action, suit or proceeding to which he has been made a party or in which he became involved by reason of the fact that he is or was our director or officer. Except with respect to expenses to be reimbursed by us in the event that the indemnified person has been successful on the merits or otherwise in defense of the action, suit or proceeding, our obligations under the indemnification agreements are subject to certain customary restrictions and exceptions.

In addition, we maintain standard policies of insurance under which coverage is provided to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and to us with respect to payments which may be made by us to such directors and officers pursuant to the above indemnification provision or otherwise as a matter of law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is theretofore unenforceable.

Item 7. Recent Sales of Unregistered Securities

In the past three years, we issued the following securities that were not registered under the Securities Act. Each of these securities were issued in reliance upon the exemptions provided by Section 4(a)(2) and/or Regulation S under the Securities Act. No underwriters were involved in these issuances of securities.

On September 30, 2024, Baird Medical entered into (i) a Subscription Agreement with GFC, pursuant to which Baird Medical issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value $0.0001 per share, of Baird Medical (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 Baird Medical 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 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. Baird Medical 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.

In November 2024, Baird Medical issued 50,000 Ordinary Shares to Cohen pursuant to certain engagement letter entered between J.V.B. Financial Group, LLC, acting through its Cohen & Company Capital Markets division and ExcelFin dated February 23, 2023 and amended on September 27, 2024.

Item 8. Exhibits

The following exhibits are filed herewith unless otherwise indicated:

Exhibit Number	Description
2.1*	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)
2.2*	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).
2.3*	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)
2.4*	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)
2.5*	Fourth Amendment to the Business Combination Agreement, dated August 23, 2024 (incorporated by reference to Exhibit 2.5 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
3.1	Amended and Restated Memorandum and Articles of Association of Baird Medical Investment Holdings Limited, as currently in effect (incorporated by reference to Exhibit 1.1 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
4.1	Specimen Ordinary Share Certificate of Baird Medical Investment Holdings Limited (incorporated by reference to Exhibit 2.1 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
4.2	Specimen Warrant Certificate of Baird Medical Investment Holdings Limited (incorporated by reference to Exhibit 2.2 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
4.3	Warrant Agreement, dated October 20, 2021, by and between ExcelFin Acquisition Corp. and American Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
4.4	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 (incorporated by reference to Exhibit 4.7 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
5.1**	Opinion of Conyers Dill & Pearman as to the validity of the Ordinary Shares of Baird Medical Investment Holdings Limited
5.2**	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation as to the validity of Baird Medical Investment Holdings Limited Warrants to be issued
10.1	Form of Amended and Restated Registration Rights Agreement among PubCo, Baird Medical, ExcelFin SPAC LLC and certain other parties (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form F-4 (Reg. No. 333-274114), initially filed with the SEC on August 21, 2023)
10.2	Form of Director Indemnification Agreement

Exhibit Number	Description
10.3	Lock-Up Agreement, by and between Betters Medical Investment Holdings Limited and Baird Medical Investment Holdings Limited, dated October 1, 2024 (incorporated by reference to Exhibit 4.8 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
10.4	Baird Medical 2024 Equity Incentive Plan
10.5	Subscription Agreement, dated September 30, 2024, by and between Baird Medical Investment Holdings Limited and WU Wenyuan
10.6	Subscription Agreement, dated September 30, 2024, by and between Baird Medical Investment Holdings Limited and Grand Fortune Capital, LLC
21.1	List of subsidiaries of Baird Medical Investment Holdings Limited (incorporated by reference to Exhibit 8.1 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
23.1	Consent of Marcum Asia CPAs LLP, as the independent registered accounting firm for Baird Medical Investment Holdings Limited
23.2	Consent of Marcum LLP, an independent registered accounting firm for ExcelFin Acquisition Corp
23.3**	Consent of Conyers Dill & Pearman (included in Exhibit 5.1)
23.4**	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.2)
23.5	Consent of Frost & Sullivan (incorporated by reference to Exhibit 23.4 to the Registration Statement on Form F-4 (Reg. No. 333-274114), initially filed with the SEC on August 21, 2023)
24.1	Power of Attorney (included on signature page to the initial filing of this Registration Statement)
99.1	Code of Business Conduct and Ethics of Baird Medical Investment Holdings Limited
107	Filing Fee Table

* All schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

** To be filed by amendment.

Item 9. Undertakings

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities

offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and shall be governed by the final adjudication of such issue.

That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus shall contain the information called for by the applicable registration form with respect to re-offerings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The registrant undertakes that every prospectus: (1) that is filed pursuant to the immediately preceding paragraph, or (2) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, shall be filed as a part of an amendment to the registration statement and shall not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt

means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement on Form F-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Guangzhou, PRC, on November 14, 2024.

Baird Medical Investment Holdings Limited

Date: November 14, 2024

By: /s/ Haimei Wu

Name: Haimei Wu
Title: Chief Executive Officer
(principal executive officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ms. Wu as his or her true and lawful attorney-in-fact and agent, with full power to act alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto any said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form F-1 has been signed by the following persons in the capacities on November 14, 2024.

Signature	Title
/s/ Haimei Wu Haimei Wu	Director and Chief Executive Officer *(Principal Executive Officer)*
/s/ Jie Li Jie Li	Acting Chief Financial Officer *(Principal Financial and Accounting Officer)*
/s/ Wei Hou Wei Hou	Director
/s/ Quan Qiu Quan Qiu	Director
/s/ Joseph Douglas Ragan III Joseph Douglas Ragan III	Director
/s/ Michael Mingzhao Xing Michael Mingzhao Xing	Independent Director
/s/ Lijian Xu Lijian Xu	Independent Director
/s/ Gabrielle Bilciu-Wolfson Gabrielle Bilciu-Wolfson	Independent Director

AUTHORIZED REPRESENTATIVE

Pursuant to the requirement of the Securities Act of 1933, the undersigned, solely in his capacity as the duly authorized representative of Baird Medical Investment Holdings Limited, has signed this registration statement in Newark, Delaware, on November 14, 2024.

Puglisi & Associates

Authorized U.S. Representative

By: /s/ Donald J. Puglisi

Name: Donald J. Puglisi
Title: Managing Director

Exhibit 10.2

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "***Agreement***") is made as of _____ 2024, by and between Baird Medical Investment Holdings Limited, a company incorporated in the Cayman Islands (the "***Company***"), and Gabrielle Wolfson ("***Indemnitee***").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve corporations which are publicly-traded on U.S. exchanges as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such corporations;

WHEREAS, the board of directors of the Company (the "***Board***") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and any of its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among corporations which are publicly-traded on U.S. exchanges, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Amended and Restated Memorandum of Association of the Company (the "***Charter***") and the Amended and Restated Articles of Association of the Company (the "***Articles***") require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification in accordance with the applicable provisions of the Companies Act, Cap. 22 of the Cayman Islands (as revised from time to time) (the "***Companies Act***"). The Charter, the Articles and the Companies Act expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification, hold harmless, exoneration, advancement and reimbursement rights;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, hold harmless, exonerate and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so protected against liabilities;

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter and the Articles of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee may not be willing to serve as an officer or director, advisor or in another capacity without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified; and

NOW, **THEREFORE**, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

TERMS AND CONDITIONS

1. SERVICES TO THE COMPANY. In consideration of the Company's covenants and obligations hereunder, Indemnitee will serve or continue to serve as an officer, director, advisor, key employee or in any other capacity of the Company, as applicable, for so long as Indemnitee is duly elected, appointed or retained or until Indemnitee tenders Indemnitee's resignation or until Indemnitee is removed. The foregoing notwithstanding, this Agreement shall continue in full force and effect after Indemnitee has ceased to serve as a director, officer, advisor, key employee or in any other capacity of the Company, as provided in Section 17. This Agreement, however, shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

2. DEFINITIONS. As used in this Agreement:

2.1 "***affiliate***" shall mean a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

2.2 "***agent***" shall mean any person who is or was a director, officer or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, advisor, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

2.3 "***Beneficial Owner***" and "***Beneficial Ownership***" shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act (as defined below) as in effect on the date hereof.

2.4 "***Cayman Court***" shall mean a court with jurisdiction in the Cayman Islands.

2.5 "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

2.5.1 Acquisition of Stock by Third Party. Other than an affiliate of Betters Medical Investment Holdings Limited, any other Person (as defined below) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors (as defined below) and such acquisition would not constitute a Change in Control under part 2.5.3 of this definition;

2.5.2 Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors on the date hereof or whose election or nomination for election was previously so approved (collectively, the "***Continuing Directors***"), cease for any reason to constitute at least a majority of the members of the Board;

2.5.3 Corporate Transactions. The effective date of a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, involving the Company and one or more businesses (a "***Business Combination***"), in each case, unless, following such Business Combination: (1) all or substantially all of the individuals and entities who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries (as defined below)) in substantially the same proportions as their ownership immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors; (2) other than an affiliate of Betters Medical Investment Holdings Limited, no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of 15% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the surviving corporation except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination;

2.5.4 Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, other than factoring the Company's current receivables or escrows due (or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions); or

2.5.5 Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or any successor rule) (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement.

2.6 "***Corporate Status***" describes the status of a person who is or was a director, officer, trustee, general partner, manager, managing member, fiduciary, advisor, employee or agent of the Company or of any other Enterprise (as defined below) which such person is or was serving at the request of the Company.

2.7 "***Disinterested Director***" shall mean a director of the Company who is not and was not a party to the Proceeding (as defined below) in respect of which indemnification is sought by Indemnitee.

2.8 "***Enterprise***" shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, manager, managing member, fiduciary, advisor, employee or agent.

2.9 "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.10 "***Expenses***" shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including, without limitation, all reasonable attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in, a Proceeding (as defined below), including reasonable compensation for time spent by Indemnitee for which he or she is not otherwise compensated by the Company or any third party. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the principal, premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

2.11 "***fines***" shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

2.12 "***Independent Counsel***" shall mean a law firm or a member of a law firm with significant experience in matters of corporate law and that neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "***Independent Counsel***" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

2.13 "***Person***" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that "Person" shall exclude: (i) the Company; (ii) any Subsidiaries (as defined below) of the Company; (iii) any employment benefit plan of the Company or of a Subsidiary of the Company or of any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (iv) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

2.14 "***Proceeding***" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative or related nature, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by Indemnitee or of any action (or failure to act) on Indemnitee's part while acting as a director or officer of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

2.15 "***Subsidiary***," with respect to any Person, shall mean any corporation, limited liability company, partnership, joint venture, trust or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

3. INDEMNITY IN THIRD-PARTY PROCEEDINGS.

To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 3 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status. Pursuant to this Section 3, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

4. INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY.

To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 4 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status. Pursuant to this Section 4, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification, hold harmless or exoneration for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or a Cayman Court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification, to be held harmless or to exoneration.

5. INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL.

Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If Indemnitee is not wholly successful in such Proceeding, the Company also shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which Indemnitee was successful. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. INDEMNIFICATION FOR EXPENSES OF A WITNESS.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or deponent in any Proceeding to which Indemnitee was or is not a party or threatened to be made a party, Indemnitee shall, to the fullest extent permitted by applicable law, be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

7. ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS.

7.1 Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnification, hold harmless or exoneration rights shall be available under this Section 7.1 on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of applicable law.

7.2 Notwithstanding any limitation in Sections 3, 4, 5 or 7.1, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

8. CONTRIBUTION IN THE EVENT OF JOINT LIABILITY.

8.1 To the fullest extent permissible under applicable law, if the indemnification, hold harmless and/or exoneration rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying, holding harmless or exonerating Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

8.2 The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

8.3 The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company other than Indemnitee who may be jointly liable with Indemnitee.

9. EXCLUSIONS.

Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification, advance expenses, hold harmless or exoneration payment in connection with any claim made against Indemnitee:

(a) for which payment has actually been received by or on behalf of Indemnitee under any insurance policy or other indemnity or advancement provision and which payment has not subsequently been returned, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity or advancement provision or otherwise;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any successor rule) or similar provisions of state statutory law or common law; or

(c) except as otherwise provided in Sections 14.5 and 14.6 hereof, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, hold harmless or exoneration payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law. Indemnitee shall seek payments or advances from the Company only to the extent that such payments or advances are unavailable from any insurance policy of the Company covering Indemnitee.

10. ADVANCES OF EXPENSES; DEFENSE OF CLAIM.

10.1 Notwithstanding any provision of this Agreement to the contrary, and to the fullest extent not prohibited by applicable law, the Company shall pay the Expenses incurred by Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, prior to the final disposition of any Proceeding. Advances shall, to the fullest extent permitted by law, be unsecured and interest free and be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to be indemnified, held harmless or exonerated under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. To the fullest extent required by applicable law, such payments of Expenses in advance of the final disposition of the Proceeding shall be made only upon the Company's receipt of an undertaking, by or on behalf of Indemnitee, to repay the advanced amounts to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified, held harmless or exonerated by the Company under the provisions of this Agreement, the Charter and the Articles of the Company, applicable law or otherwise. This Section 10.1 shall not apply to any claim made by Indemnitee for which an indemnification, hold harmless or exoneration payment is excluded pursuant to Section 9.

10.2 The Company will be entitled to participate in the Proceeding at its own expense.

10.3 The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on Indemnitee without Indemnitee's prior written consent.

11. PROCEDURE FOR NOTIFICATION AND APPLICATION FOR INDEMNIFICATION.

11.1 Indemnitee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding, claim, issue or matter therein which may be subject to indemnification, hold harmless or exoneration rights, or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement, or otherwise.

11.2 Indemnitee may deliver to the Company a written application to indemnify, hold harmless or exonerate Indemnitee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written application for indemnification by Indemnitee, Indemnitee's entitlement to indemnification shall be determined according to Section 12.1 of this Agreement.

12. PROCEDURE UPON APPLICATION FOR INDEMNIFICATION.

12.1 A determination, if required by applicable law, with respect to Indemnitee's entitlement to indemnification shall be made in the specific case by one of the following methods, which shall be at the election of Indemnitee: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, (iii) if there are no Disinterested Directors or if such directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (iv) by vote of the stockholders. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

12.2 In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12.1 hereof, the Independent Counsel shall be selected as provided in this Section 12.2. The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. If the Independent Counsel is selected by the Board, the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 11.2 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a Cayman Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by a Cayman Court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12.1 hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14.1 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

12.3 The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

13. PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS.

13.1 In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11.2 of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by the Disinterested Directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by the Disinterested Directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

13.2 If the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be, to the fullest extent permitted by law, deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

13.3 The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

13.4 For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, managers, managing members or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member or on information or records given or reports made to the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member. The provisions of this Section 13.4 shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

13.5 The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, manager, managing member, fiduciary, advisor, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

14. REMEDIES OF INDEMNITEE.

14.1 In the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12.1 of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 5, 6, 7 or the last sentence of Section 12.1 of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) a contribution payment is not made in a timely manner pursuant to Section 8 of this Agreement, (vi) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vii) payment to Indemnitee pursuant to any hold harmless or exoneration rights under this Agreement or otherwise is not made within ten (10) days after receipt by the Company of a written request therefor, Indemnitee shall be entitled to an adjudication by a Cayman Court to such indemnification, hold harmless, exoneration, contribution or advancement rights. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the prevailing arbitration rules and procedures as in force at the applicable time of the Hong Kong International Arbitration Centre. Except as set forth herein, the provisions of Cayman Islands law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

14.2 In the event that a determination shall have been made pursuant to Section 12.1 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14, Indemnitee shall be presumed to be entitled to be indemnified, held harmless, exonerated and to receive advancement of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to be indemnified, held harmless, exonerated and to receive advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12.1 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 14, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 10 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

14.3 If a determination shall have been made pursuant to Section 12.1 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

14.4 The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

14.5 The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (i) to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement or any other indemnification, hold harmless, exoneration, advancement or contribution agreement or provision of the Charter or the Articles now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, hold harmless or exoneration right, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

14.6 Interest shall be paid by the Company to Indemnitee at the legal rate under Cayman Islands law for amounts which the Company indemnifies, holds harmless or exonerates, or advances, or is obliged to indemnify, hold harmless or exonerate or advance for the period commencing with the date on which Indemnitee requests indemnification, to be held harmless, exonerated, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

15. SECURITY.

Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

16. NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; SUBROGATION.

16.1 The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Articles, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any Proceeding (regardless of when such Proceeding is first threatened, commenced or completed) or claim, issue or matter therein arising out of, or related to, any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification, hold harmless or exoneration rights or advancement of Expenses than would be afforded currently under the Charter, the Articles or this Agreement, then this Agreement (without any further action by the parties hereto) shall automatically be deemed to be amended to require that the Company indemnify Indemnitee to the fullest extent permitted by law. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

16.2 The Charter, the Articles and the Companies Act permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("***Indemnification Arrangements***") on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of Indemnitee's status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the Companies Act, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

16.3 To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managers, managing members, fiduciaries, advisor, employees, or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managers, managing member, fiduciary, advisor, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness, deponent or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

16.4 In the event of any payment under this Agreement, the Company, to the fullest extent permitted by law, shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

16.5 The Company's obligation to indemnify, hold harmless, exonerate or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification, hold harmless or exoneration payments or advancement of expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (ii) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Company.

17. DURATION OF AGREEMENT.

All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, manager, managing member, fiduciary, advisor, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement) by reason of Indemnitee's Corporate Status, whether or not Indemnitee is acting in any such capacity at the time any liability or expense is incurred for which indemnification or advancement can be provided under this Agreement.

18. SEVERABILITY.

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

19. ENFORCEMENT AND BINDING EFFECT.

19.1 The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or key employee of the Company.

19.2 Without limiting any of the rights of Indemnitee under the Charter or the Articles of the Company as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

19.3 The indemnification, hold harmless, exoneration and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, officer, trustee, general partner, manager, managing member, fiduciary, advisor, employee or agent of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

19.4 The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19.5 The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may, to the fullest extent permitted by law, enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee shall, to the fullest extent permitted by law, be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court of competent jurisdiction, the Company hereby waives any such requirement of such a bond or undertaking to the fullest extent permitted by law.

20. MODIFICATION AND WAIVER.

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the Company and Indemnitee. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

21. NOTICES.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on such delivery, or (ii) if mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(b) If to the Company, to:

Baird Medical Investment Holdings Limited
1st to 5th Floor, Building 11, No. 15 Rongtong Street, Yuexiu District, Guangzhou, Guangdong Province, the People's Republic of China
Attn: Compliance Department

With copies, which shall not constitute notice, to:

Dechert LLP
31/F Jardine House
One Connaught Place
Central, Hong Kong
Attn: Yang Wang

or to any other address as may have been furnished to Indemnitee in writing by the Company.

22. APPLICABLE LAW AND CONSENT TO JURISDICTION.

This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the Cayman Islands, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14.1 of this Agreement, to the fullest extent permitted by law, the Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in a Cayman Court and not in any other court or in any court in any other country; (b) consent to submit to the exclusive jurisdiction of a Cayman Court for purposes of any action or proceeding arising out of or in connection with this Agreement; (c) waive any objection to the laying of venue of any such action or proceeding in a Cayman Court; and (d) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in a Cayman Court has been brought in an improper or inconvenient forum, or is subject (in whole or in part) to a jury trial. To the fullest extent permitted by law, the parties hereby agree that the mailing of process and other papers in connection with any such action or proceeding in the manner provided by Section 21 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

23. IDENTICAL COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. MISCELLANEOUS.

Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

25. PERIOD OF LIMITATIONS.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

26. ADDITIONAL ACTS.

If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, to the fullest extent permitted by law, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

27. MAINTENANCE OF INSURANCE.

The Company shall use commercially reasonable efforts to obtain and maintain in effect during the entire period for which the Company is obligated to indemnify the Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the officers/directors of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. The Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director or officer under such policy or policies. In all such insurance policies, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Indemnity Agreement to be signed as of the day and year first above written.

Baird Medical Investment Holdings Limited

By: _____
Name: Haimei Wu
Address: 1st to 5th Floor, Building 11, No. 15 Rongtong Street, Yuexiu District, Guangzhou, Guangdong Province, the People's Republic of China

Indemnitee

By: _____
Name:
Address:

[Signature Page to Indemnity Agreement]

Exhibit 10.4

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

2024 EQUITY INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of this 2024 EQUITY INCENTIVE PLAN (the "Plan") is to promote the success of Baird Medical Investment Holdings Limited, (the "Company"), by linking the personal interests of the Directors, Employees, and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders. The Plan is further intended to attract, retain and motivate the services of the Directors, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

Section 2.1 "Affiliate" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of shares, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; or (d) any trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of shares, assets or an equivalent ownership interest or voting interest) of the Company; provided that, unless otherwise determined by the Committee, the Shares subject to any Award constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to Section 409A of the Code.

Section 2.2 "Applicable Laws" means any applicable legal requirements relating to the administration of and the issuance of securities under this Plan, including, without limitation, the requirements of laws of the United States, the People's Republic of China or the Cayman Islands, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan, and any procedures to be fulfilled for the implementation of the Plan required by the relevant authorities, including but not limited to the requirement of foreign exchange registration. For all purposes of this Plan, references to statutes and regulations shall be deemed to include any successor statutes or regulations.

Section 2.3 "Award" means an Option, Restricted Share, Restricted Share Unit, Performance Award or other types of awards approved by the Committee granted to a Participant pursuant to the Plan.

Section 2.4 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

Section 2.5 "Board" means the Board of Directors of the Company.

Section 2.6 "Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term based upon a finding by the Service Recipient, acting in good faith and based on its reasonable belief at the time) that the Participant:

(a) has been negligent in the discharge of his or her duties to the Service Recipient, has refused to perform lawful and stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Service Recipient; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses) or other crimes;

(d) has materially breached any of the provisions of any agreement with the Service Recipient;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Service Recipient;

(f) has improperly induced an employee, a vendor or customer to break or terminate any contract with the Service Recipient or induced a principal for whom the Service Recipient acts as agent to terminate such agency relationship; or

(g) has engaged in any conduct that is materially adverse to the name, reputation or interests of the Company.

Section 2.7 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

Section 2.8 "Committee" means any committee of the Board delegated with the power and authority to administer the Plan as described in Article 11. Reference to the Committee shall refer to the Board in the absence of a Committee. As of the date of the adoption of the Plan, it is expected that the Compensation Committee of the Company (once duly constituted in accordance with the Memorandum and Articles of Association of the Company) shall serve as the Committee for purposes of the Plan.

Section 2.9 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and

(a) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

Section 2.10 "Corporate Transaction", unless otherwise defined in an Award Agreement, means any of the following transactions:

(a) an amalgamation, arrangement, merger or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

Section 2.11 "Director", means a member of the Board or a member of the board of directors of a Parent or any Subsidiary of the Company.

Section 2.12 "Disability", means, with respect to a Participant (unless otherwise defined in the applicable Award Agreement), that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period as defined in the Company policies then in effect or as determined by the Committee in its sole discretion. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

Section 2.13 "Effective Date" shall have the meaning set forth in Section 12.1.

Section 2.14 "Employee" means any person, including an officer or a Director, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

Section 2.15 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

Section 2.16 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, the New York Stock Exchange or the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported on the website maintained by such exchange or market system or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such Shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b) above, the Fair Market Value thereof shall be determined by the Committee in good faith.

Section 2.17 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto, regardless of whether Section 422 of the Code is applicable to such Option.

Section 2.18 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

Section 2.19 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

Section 2.20 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

Section 2.21 "Participant" means a person who, as a Director, Consultant or Employee, has been granted an Award pursuant to the Plan.

Section 2.22 "Parent" means a parent corporation under Section 424(e) of the Code.

Section 2.23 "Performance Award" means an Award granted to a Participant pursuant to Article 8 that is contingent upon achieving certain Performance Goals.

Section 2.24 **"**Person**"** means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a government or any branch, department, agency, political subdivision or official thereof.

Section 2.25 "Plan" means this 2024 Equity Incentive Plan of Baird Medical Investment Holdings Limited, as amended and/or restated from time to time.

Section 2.26 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

Section 2.27 "Restricted Share Unit" means an Award granted pursuant to Article 7 to receive a Share at a future date.

Section 2.28 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

Section 2.29 "Service Recipient" means the Company, a Parent or Subsidiary of the Company to which a Participant provides services as an Employee, a Consultant or a Director.

Section 2.30 "Shares" means the ordinary shares of the Company.

Section 2.31 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company. For purposes of this Plan, any "variable interest entity" that is consolidated into the consolidated financial statements of the Company under applicable accounting principles or standards which may apply to the consolidated financial statements of the Company shall be deemed to be a Subsidiary.

Section 2.32 "Ten Percent Shareholder" means a Person owning shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, its Subsidiaries or its Parent.

Section 2.33 "Terminated for Cause" or "Termination for Cause" means, in the case of a Participant, (i) the termination of the Participant's status as an Employee, a Consultant or a Director for Cause or (ii) the Participant's voluntary resignation as an Employee, a Consultant or a Director if the Service Recipient determines at any time that, before or after the Participant's resignation, the Company had Cause to terminate such Participant's status as an Employee, a Consultant or a Director. A Termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Service Recipient first delivers written notice to the Participant of a finding of Termination for Cause.

Section 2.34 "Transaction" means the closing of the "de-SPAC" business combination of the Company pursuant to that certain Business Combination Agreement by and among the Company and ExcelFin Acquisition Corp., among others, dated June 26, 2023.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

Section 3.1 Number of Shares. Subject to the provisions of Article 10 and Section 3.1, the initial aggregate number of Shares that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall be equal to 10% of the issued and outstanding Shares (on a fully diluted basis) as of immediately after the closing of the Transaction. The total number of Shares that will be reserved, and that may be issued, under the Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2025, by a number of Shares equal to three percent (3%) of the total outstanding Shares on the last day of the prior calendar year. Notwithstanding the automatic annual increase set forth in this Section 3.1, the Board may act prior to January 1st of a given year to provide that there will be no such increase in the Share reserve for such year or that the increase in the Share reserve for such year will be a lesser number of Shares than would otherwise occur pursuant to the stipulated percentage. The maximum number of Shares with respect to which Incentive Share Options may be granted under the Plan shall be equal to 5% of the issued and outstanding Shares (on a fully diluted basis) as of immediately after the closing of the Transaction (subject to any increase or decrease pursuant to Article 10, but not subject to the annual adjustment provision above), and the limits set forth in this Section 3.1 will be construed to comply with the applicable requirements of Section 422 of the Code. To the extent that an Award terminates, expires, or lapses for any reason, or is settled in cash and not Shares, then any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Notwithstanding the provisions of this Section 3.1, no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

Section 3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares (subject to Applicable Laws) or Shares purchased on the open market.

Section 3.3 Annual Non-Employee Director Compensation Limitation. Notwithstanding anything to the contrary contained in this Article 3 or elsewhere in the Plan, in no event will any individual Non-Employee Director in any fiscal year of the Company be granted compensation for such Non-Employee Director service having an aggregate maximum value (computed as of the date of grant in accordance with applicable financial accounting rules) exceeding US$1,000,000.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

Section 4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and Directors as determined by the Committee in writing in its sole discretion.

Section 4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

Section 4.3 Incentive Share Options. Notwithstanding the foregoing, only Employees of the Company, its Subsidiaries and its Parent who are U.S. taxpayers are eligible to be granted Incentive Share Options under the Plan. Eligibility for the grant of an Incentive Share Option and actual participation in the Plan shall be determined by the Committee in its sole discretion.

Section 4.4 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, foreign exchange administration rules, or custom applicable in the jurisdiction in which the Participant resides or is employed (including, without limitation, Applicable Laws and customs applicable in the People's Republic of China and the Cayman Islands). Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

Section 5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which, unless otherwise determined by the Committee, may be a fixed or variable price related to the Fair Market Value of the Shares on the date of grant; *provided*, *however*, that, unless otherwise determined by the Committee, no Option may be granted to an individual subject to taxation in the United States with an exercise price per Share at less than the Fair Market Value on the date of grant, unless such Option is granted pursuant to an assumption or substitution of another Option in a manner that satisfies the requirements of Section 424(a) of the Code. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee or the Board, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws (including any applicable exchange rule), a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants. Notwithstanding the foregoing, the exercise price per Share shall in no circumstances be less than the par value per Share.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; provided that the term of any Option granted under the Plan shall not exceed ten years, and provided further that the term of an Incentive Share Option granted to a Ten Percent Shareholder shall not exceed five years, in each case. The Committee shall also determine the conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid and the form of payment.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

Section 5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company, a Parent, or a Subsidiary of the Company. Incentive Share Options may not be granted to "independent directors" under the rules of any national securities exchange or national securities association, as applicable, or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. The vested portion of an Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement, provided that the term of an Incentive Share Option granted to a Ten Percent Shareholder shall not exceed five years;

(ii) Immediately (or on such later date approved in writing with the relevant Participant) upon the Participant's Termination for Cause;

(iii) Within 90 days of the Participant's termination of employment or service other than for Cause, Disability or death; and

(iv) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Share Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Share Option or dies intestate, by the person or persons entitled to receive the Incentive Share Option pursuant to the applicable laws of descent and distribution.

(b) Unvested Options. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, Options that are not vested as of the date of a Participant's termination of employment or service for any reason shall terminate and expire as of the date of such termination.

(c) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed US$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(d) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option that is granted to any Ten Percent Shareholder, such Option shall only qualify as an Incentive Share Option if such Option is granted with an exercise price that is not less than 110% of Fair Market Value on the date of grant. Notwithstanding the foregoing, the exercise price per Share shall in no circumstances be less than the par value per Share.

(e) Transfer Restriction. Subject to any restrictions on transfers provided in Section 9.4, the Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer or issue (as they case may be) of such Shares to the Participant.

(f) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date, provided that the term of an Incentive Share Option granted to a Ten Percent Shareholder shall not exceed five years.

(g) Right to Exercise. During a Participant's lifetime and in circumstances where the Participant is not affected by any Disability, an Incentive Share Option may be exercised only by the Participant.

Section 5.3 Dividends. Unless otherwise determined by the Committee, Options granted under this Plan may not provide for any dividends or dividend equivalents thereon.

Section 5.4 Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Non-Qualified Share Option on a cashless basis on the last day of the term of such Option if the Participant has failed to exercise the Non-Qualified Share Option as of such date, with respect to which the Fair Market Value of the Shares underlying the Non-Qualified Share Option exceeds the exercise price of such Non-Qualified Share Option on the date of expiration of such Option, subject to Section 14.3. Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE 6

RESTRICTED SHARES

Section 6.1 Grant of Restricted Shares. The Committee is authorized to grant Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Restricted Shares shall be evidenced by an Award Agreement. The purchase price of the Restricted Shares shall be fixed by the Committee. The purchase price for Restricted Shares may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

Section 6.2 Restrictions and Conditions. The Restricted Shares awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) Restriction Period. (i) The Participant shall not be permitted to transfer Restricted Shares awarded under the Plan during the period or periods set by the Committee (the "Restriction Period") commencing on the date of such Award, as set forth in the Restricted Share Award Agreement or as otherwise provided for by the Committee. Based on service, attainment of Performance Goals pursuant to Section 6.2(a)(ii) and/or such other factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Share Award and/or waive the deferral limitations for all or any part of any Restricted Share Award.

(ii) If the grant of Restricted Shares or the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall establish the objective Performance Goals and the applicable vesting percentage of the Restricted Shares applicable to each Participant or class of Participants in writing prior to the beginning of the applicable fiscal year or at such later date as otherwise determined by the Committee. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances.

(b) Rights as a Shareholder. Except as provided in Section 6.2(a) and this Section 6.2(b) or as otherwise determined by the Committee in an Award Agreement, the Participant shall have, with respect to the Restricted Shares, all of the rights of a holder of Shares of the Company, including, without limitation, the right to receive dividends, the right to vote such Shares and, subject to and conditioned upon the full vesting of Shares of Restricted Shares, the right to tender such shares. The payment of dividends or other distributions on Restricted Shares shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period.

(c) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture or repurchase of the Restricted Shares, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

Section 6.3 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter and subject to all Applicable Laws, upon termination of employment or service during the applicable Restriction Period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, that the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

Section 6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE 7

RESTRICTED SHARE UNITS

Section 7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

Section 7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

Section 7.3 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and non-forfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

Section 7.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, and subject to all Applicable Laws, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

ARTICLE 8

PERFORMANCE AWARDS

Section 8.1 Performance Awards. The Committee may grant a Performance Award to a Participant payable upon the attainment of specific goals established by the Committee, in its sole discretion, as contingencies for Awards to vest and/or become exercisable or distributable ("Performance Goals"). If the Performance Award is payable in Restricted Shares, such Shares shall be transferable to the Participant only upon attainment of the relevant Performance Goal in accordance with Article 6. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in Restricted Shares (based on the then current Fair Market Value of such shares), as determined by the Committee, in its sole and absolute discretion. Each Performance Award shall be evidenced by an Award Agreement in such form that is not inconsistent with the Plan and that the Committee may from time to time approve.

Section 8.2 Terms and Conditions. Performance Awards awarded pursuant to this Article 8 shall be subject to the following terms and conditions:

(a) Earning of Performance Award. At or in connection with the expiration of the applicable designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate (the "Performance Period"), the Committee shall determine the extent to which the Performance Goals are achieved and the percentage of each Performance Award that has been earned. The Committee may, subject to Section 409A of the Code, in its sole discretion, adjust the Performance Period to be subject to continued vesting, earlier lapse or other modification.

(b) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be transferred during the Performance Period. Unless otherwise determined by the Committee, in no event will any Performance Award granted under this Plan be transferred for value.

(c) Dividends. Unless otherwise determined by the Committee at the time of grant, amounts equal to dividends declared during the Performance Period with respect to the number of Shares covered by a Performance Award will not be paid to the Participant. Any dividends or other distributions on Performance Awards will be deferred until, and paid contingent upon, the vesting of such Performance Awards.

(d) Payment. Following the Committee's determination in accordance with Section 8.2(a), the Company shall settle Performance Awards, in such form (including, without limitation, in Shares or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards.

(e) Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's termination for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee.

(f) Continued or Accelerated Vesting. Based on service, performance and/or such other factors or criteria, if any, as the Committee may determine, the Committee may, subject to Section 409A of the Code, at or after grant, provide for continued vesting of or accelerate the vesting of all or any part of any Performance Award.

ARTICLE 9

PROVISIONS APPLICABLE TO AWARDS

Section 9.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

Section 9.2 Termination for Cause. Unless otherwise provided in the applicable Award Agreement, if a Participant's employment by or service to the Service Recipient is Terminated for Cause, the Participant's Awards will terminate upon such Termination for Cause, whether or not the Award is then vested and/or exercisable.

Section 9.3 Misconduct. Notwithstanding Section 9.2, unless otherwise provided in the applicable Award Agreement, upon finding of any Cause with respect to a Participant, the Board or the Committee may unilaterally or bilaterally amend, modify, suspend, cancel or rescind the Participant's Award, whether or not the Award is then vested and/or exercisable.

Section 9.4 No Transferability; Limited Exception to Transfer Restrictions.

(a) Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 9.4, by applicable law and by the Award Agreement, as the same may be amended:

(i) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(ii) Awards will be exercised only by the Participant; and

(iii) amounts payable or Shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the Shares shall be subject to the restrictions set forth in the applicable Award Agreement.

(b) Exceptions to Limits on Transfer. Notwithstanding the foregoing, no provision herein shall prevent or forbid transfers to a trust that was established solely for tax planning purposes and not for purposes of profit or commercial activity or, to one or more "family members" (as such term is defined in SEC Rule 701 promulgated under the Securities Act of 1933, as amended) by gift or pursuant to a qualified domestic relations order.

Section 9.5 Buy-Out. In the sole discretion of the Committee, any Award (in whole or in part) under the Plan may be settled in cash or other property in lieu of Shares; provided, however, payment in cash or other property in lieu of Shares shall not be made earlier than the time such Shares are deliverable pursuant to the terms of the Award. If any Award (in whole or in part) is settled in cash or other property in lieu of Shares, the number of Shares subject to such Award (or such portion thereof) shall revert to the Plan and again be available for grant or award under the Plan.

Section 9.6 Share Certificate. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing Shares pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such Shares is in compliance with the Company's Memorandum and Articles of Association, all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

Section 9.7 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website, electronic mail or interactive voice response system for the paperless administration of Awards.

Section 9.8 Foreign Currency. The Award Agreement shall specify the currency applicable to such Award. The Committee may determine, in its sole discretion, that an Award denominated in one currency may be paid in any other currency based on the prevailing exchange rate as the Committee deems appropriate. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the People's Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 10

CHANGES IN CAPITAL STRUCTURE

Section 10.1 Adjustments. In the event of any distribution, share split, combination or exchange of Shares, amalgamation, arrangement, merger or consolidation, reorganization of the Company, including the Company becoming a subsidiary in a transaction not involving a Corporate Transaction, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the Shares or the share price of a Share, in each case, occurring after the consummation of the Transaction, the Committee shall make such proportionate and equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and substitutions of shares in a parent or surviving company); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan. The form and manner of any such adjustments shall be determined by the Committee in its sole discretion (provided that the exercise price per Share shall in no circumstances fall below the par value per Share).

Section 10.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that would have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment and without consent of the applicable Participant), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of such Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date as determined by the Committee when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

Section 10.3 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 10, in each case, occurring after the consummation of the Transaction, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights provided that the exercise price per Share shall in no circumstances fall below the par value per Share.

Section 10.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 11

ADMINISTRATION

Section 11.1 Committee. The Plan shall be administered by the Committee to whom the Board shall delegate the authority to administer this Plan and to grant or amend Awards to Participants. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws. Unless the entire Board constitutes the Committee, to the extent required by Applicable Laws, rule or regulation, it is intended that each member of the Committee shall qualify as (a) a "non-employee director" under Rule 16b-3 and (b) an "independent director" under the rules of any national securities exchange or national securities association, as applicable. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

Section 11.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all the members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

Section 11.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate eligible Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered (whether or not in exchange for another Award or combination of Awards);

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

Section 11.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 12

EFFECTIVE AND EXPIRATION DATE

Section 12.1 Effective Date. The Plan is effective as of the date it is approved by the Board and adopted by the shareholders of the Company in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association (the "Effective Date").

Section 12.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 13

AMENDMENT, MODIFICATION, AND TERMINATION

The Board in its sole discretion may terminate this Plan at any time. The Board may amend this Plan at any time in such respects as the Board may deem advisable; provided, that to the extent necessary and desirable to comply with Applicable Laws, or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

ARTICLE 14

GENERAL PROVISIONS

Section 14.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

Section 14.2 No Shareholders Rights. No Award gives the Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

Section 14.3 Taxes. No Shares shall be issued, transferred or delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by Applicable Laws to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or, subject to all Applicable Laws, allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy all of the Participant's income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory income and payroll tax withholding rates that are applicable to such supplemental taxable income under Applicable Laws.

Section 14.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or service of any Service Recipient.

Section 14.5 Effect of Plan Upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for any Service Recipient. Nothing in the Plan shall be construed to limit the right of any Service Recipient: (a) to establish any other forms of incentives or compensation for Employees, members of the Board or Consultants, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

Section 14.6 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

Section 14.7 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 14.8 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

Section 14.9 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

Section 14.10 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Section 14.11 Fractional Shares. No fractional Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

Section 14.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

Section 14.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the United States and that the courts of the United States shall have non-exclusive jurisdiction in respect of any dispute, suit, action, arbitration or proceeding which may arise out of or in connection with this Plan and all Award Agreements.

Section 14.14 Section 409A of the Code. The Plan is intended to comply with or be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

Section 14.15 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan, including but not limited to entrusting a local Affiliate with matters related to foreign exchange registration, bank account opening, share transfers and remittances for the Plan; provided, however, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan without the approval of the Board.

Section 14.16 Disputes. Any dispute arising in connection with this Plan (whether as to the number of Shares the subject of an Option, the amount of the exercise price or otherwise) may be determined by the Board, the decision of which shall be final and binding on all parties who may be affected thereby.

Section 14.17 Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

Section 14.18 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

Section 14.19 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 14.20 Share-Based Awards in Substitution for Options or Awards Granted by Other Company. Notwithstanding anything in this Plan to the contrary:

(a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, options, share appreciation rights, restricted shares, restricted share units or other share-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for Shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in share prices in connection with the transaction.

(b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by shareholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under the Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

(c) Any Shares that are issued or transferred by, or that is subject to any awards that are granted by, or become obligations of, the Company under Sections 14.20(a) or 14.20(b) above will not reduce the Shares available for issuance or transfer under the Plan or otherwise count against the limits contained in Section 3.1 of the Plan. In addition, no Shares that are issued or transferred by, or that is subject to any awards that are granted by, or become obligations of, the Company under Sections 14.20(a) or 14.20(b) above will be added to the aggregate plan limit contained in Section 3.1 of the Plan.

Section 14.21 Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired Shares or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any of its Affiliates.

Exhibit 10.5

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this "Subscription Agreement") is entered into on September 30, 2024, by and between Baird Medical Investment Holdings Limited (the "Issuer"), a Cayman Islands exempted company, and the undersigned subscriber ("Subscriber").

WHEREAS, on June 26, 2023, the Issuer entered into a Business Combination Agreement with ExcelFin Acquisition Corp., a Delaware corporation ("SPAC"), and the other parties thereto, in substantially the form previously provided to Subscriber, providing for, among other transactions, the merger of a direct, wholly owned subsidiary of the Issuer with and into SPAC (as may be amended or supplemented from time to time, the "Transaction Agreement," and the transactions contemplated by the Transaction Agreement, the "Transaction");

WHEREAS, in connection with the Transaction, Subscriber desires to subscribe for and purchase such number of Series A convertible preferred shares, par value $0.0001 per share (the "Preferred Shares") as is set forth on the signature page of this subscription agreement (the "Subscribed Shares") of and from the Issuer at a price per Share of $10.00, in an aggregate purchase price as set forth on Subscriber's signature page attached hereto (the "Purchase Price"), and the Issuer desires to issue and sell to Subscriber the Subscribed Shares in consideration of the payment of the Purchase Price by or on behalf of Subscriber to the Issuer; and

WHEREAS, on or about the date of this Subscription Agreement, the Issuer may be entering into other Subscription Agreements (the "Other Subscription Agreements" and together with this Subscription Agreement, the "Subscription Agreements") with certain other investors (the "Other Subscribers" and together with Subscriber, the "Subscribers") in a form substantially similar to this Subscription Agreement, pursuant to which such Other Subscribers have agreed to purchase additional Preferred Shares on the closing date of the Transaction (the "Transaction Closing Date").

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

Section 1 Subscription. Subject to the terms and conditions hereof, at the Closing (as defined below), Subscriber hereby agrees to subscribe for and purchase, and the Issuer hereby agrees to issue and sell to Subscriber the Subscribed Shares, upon the payment of the Purchase Price by either the Subscriber or a third party designated by the Subscriber (such subscription and issuance, the "Subscription").

Section 2 Closing.

(a) The consummation of the Subscription contemplated hereby (the "Closing") shall occur as soon as practicable from the date hereof but in any event no later than the date falling on the six (6) month anniversary from the Transaction Closing Date, and upon the satisfaction (or valid waiver) by each of the parties hereto of the conditions set out in paragraphs (c) to (f) of this Section 2 (such date of Closing, the "Closing Date").

(b) At least two (2) calendar days (inclusive of the date hereof) before the anticipated Closing Date, the Issuer shall deliver written notice to Subscriber (the "Closing Notice") specifying (i) such anticipated Closing Date and (ii) the wire instructions for delivery of the Purchase Price to the Issuer. No later than the date falling on the six (6) month anniversary from the Transaction Closing Date, Subscriber, or a third party designated by the Subscriber, shall pay the Purchase Price for the Subscribed Shares by wire transfer of United States dollars in immediately available funds to the account specified by the Issuer in the Closing Notice, such funds to be held in escrow by the Issuer until the Closing, and deliver to the Issuer such information as is reasonably requested in the Closing Notice in order for the Issuer to issue the Subscribed Shares to Subscriber or its nominee. Upon satisfaction (or, if applicable, waiver) of the conditions set forth in this Section 2, at the Closing, the Issuer shall issue to Subscriber or its nominee the Subscribed Shares, free and clear of any liens or other restrictions whatsoever (other than those arising under state or federal securities laws). At the Closing Date, the Purchase Price shall be considered to be released to the Issuer. In the event that the consummation of the Transaction does not occur by October 4, 2024, unless otherwise agreed to in writing by the Issuer and Subscriber, the Issuer shall return the Purchase Price to Subscriber by wire transfer of United States dollars in immediately available funds to an account specified by Subscriber, as applicable, and any book entries shall be deemed cancelled. Notwithstanding such return or cancellation, (x) a failure to close on the anticipated Closing Date shall not, by itself, be deemed to be a failure of any of the conditions to Closing set forth in this Section 2 to be satisfied or waived on or prior to the Closing Date, and (y) unless and until this Subscription Agreement is terminated in accordance with Section 6 herein, Subscriber shall remain obligated (A) to redeliver funds to the Issuer following the Issuer's delivery to Subscriber of a new Closing Notice and (B) to consummate the Closing upon satisfaction of the conditions set forth in this Section 2. Immediately upon the Closing, the Issuer shall issue the number of Subscribed Shares subscribed for by Subscriber. For the purposes of this Subscription Agreement, "Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks are required or authorized to close in the State of New York.

(c) The Closing shall be subject to the satisfaction, or valid waiver by each of the parties hereto, of the conditions that, on the Closing Date:

(i) no suspension of the offering or sale or trading of the Issuer's ordinary shares of a par value of $0.0001 each (the "Ordinary Shares") in any applicable jurisdiction, or initiation or threatening in writing of any proceedings for any such purposes, shall be deemed to have occurred;

(ii) all conditions precedent to the closing of the Transaction set forth in the Transaction Agreement shall have been satisfied (as determined by the parties to the Transaction Agreement) or waived (other than those conditions which, by their nature, are to be satisfied at the closing of the Transaction pursuant to the Transaction Agreement or by the Closing itself, but subject to their satisfaction or valid waiver at the closing of the Transaction); and

(iii) no court of competent jurisdiction shall have issued, enforced or entered any judgment or order which is then in effect and has the effect of making the consummation of the transactions contemplated hereby illegal or otherwise restraining or prohibiting consummation of the transactions contemplated hereby.

(d) In addition to the conditions set forth in Section 2(c), the obligation of the Issuer to consummate the Closing shall be subject to the satisfaction or valid waiver by the Issuer of the additional conditions that, on the Closing Date:

(i) all representations and warranties of Subscriber contained in this Subscription Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect (as defined below), which representations and warranties shall be true and correct in all respects) at and as of the Closing Date (except for representations and warranties made as of a specific date, which shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true and correct in all respects) as of such date); and

(ii) Subscriber shall have performed, satisfied and complied with in all material respects all covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by it at or prior to the Closing.

(e) In addition to the conditions set forth in Section 2(c), the obligation of Subscriber to consummate the Closing shall be subject to the satisfaction or valid waiver by Subscriber of the additional conditions that, on the Closing Date:

(i) all representations and warranties of the Issuer contained in this Subscription Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect (as defined below), which representations and warranties shall be true and correct in all respects) at and as of the Closing Date (except for representations and warranties made as of a specific date, which shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect, which representations and warranties shall be true and correct in all respects) as of such date), other than, in each case, failure to be true and correct that would not result, individually or in the aggregate, in an Issuer Material Adverse Effect;

(ii) the Issuer shall have performed, satisfied or complied with, in each case, in all material respects, all covenants and agreements required by this Subscription Agreement to be performed, satisfied or complied with by it at or prior to the Closing;

(iii) no amendment, waiver, or modification of the Transaction Agreement (as the same exists on the date hereof as provided to Subscriber) shall have occurred that materially and adversely affects the economic benefits that Subscriber would receive under this Subscription Agreement; and

(iv) the Issuer's amended and restated memorandum and articles of association (as defined below), which shall substantially reflect the rights of the holders of the Preferred Shares as set forth in Annex A attached hereto, shall have been adopted by the Issuer under the laws of the Cayman Islands.

(f) Prior to or at the Closing, Subscriber shall deliver all such other information and shall take all such actions as is reasonably requested by the Issuer in order for the Issuer to issue the Subscribed Shares to Subscriber or its nominee.

Section 3 Issuer Representations and Warranties. The Issuer represents and warrants to Subscriber that:

(a) The Issuer (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, (ii) has the requisite power and authority to own, lease and operate its properties, to carry on its business as it is now being conducted and to enter into, deliver and perform its obligations under this Subscription Agreement, and (iii) is duly licensed or qualified to conduct its business and, if applicable, is in good standing under the laws of each jurisdiction (other than its jurisdiction of incorporation) in which the conduct of its business or the ownership of its properties or assets requires such license or qualification, except, with respect to the foregoing clause (iii), where the failure to be in good standing would not reasonably be expected to have an Issuer Material Adverse Effect. For purposes of this Subscription Agreement, an "Issuer Material Adverse Effect" means an event, change, development, occurrence, condition or effect with respect to the Issuer and its subsidiaries, taken together as a whole (on a consolidated basis), that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the business, financial condition, stockholders equity or results of operations of the Issuer and its subsidiaries, taken together as a whole (on a consolidated basis) or on the Issuer's ability to consummate the transactions contemplated hereby, including the issuance and sale of the Subscribed Shares.

(b) As of the date of this Subscription Agreement, the authorized share capital of the Issuer is US$50,000 divided into 500,000,000 shares of a nominal or par value of US$0.0001 each, out of which 29,411,765 Ordinary Shares are issued and outstanding. On or before the Closing Date, the authorized share capital of the Issuer shall be (i) increased from US$50,000 divided into 500,000,000 shares of a nominal or par value of US$0.0001 each, to US$75,000 divided into 750,000,000 shares of a nominal or par value of US$0.0001 each, by the creation of additional 250,000,000 shares of a nominal or par value of US$0.0001 each and (ii) immediately thereafter, re- classify and re-designate the authorised share capital of the Issuer such that the authorised share capital of the Issuer shall become US$75,000 divided into 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each and 250,000,000 series A convertible preferred shares of a nominal or par value of US$0.0001 each. On the Closing Date, the Subscribed Shares will have been duly authorized and, when issued to Subscriber against full payment therefor in accordance with the terms of this Subscription Agreement, the Subscribed Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of the Issuer's then applicable memorandum and articles of association. The Ordinary Shares issuable upon conversion of the Subscribed Shares (the "Underlying Shares") will be duly authorized and, when issued upon conversion of the Subscribed Shares, will be validly issued, fully paid and non-assessable and will not have been issued in violation of any preemptive rights created under the Issuer's then applicable memorandum and articles of association, by any contract to which the Issuer is a party or by which it is bound, or under the laws of its jurisdiction of incorporation. Except as set forth above and pursuant to the Other Subscription Agreements and the Transaction Agreement, there are no outstanding options, warrants or other rights to subscribe for, purchase or acquire from the Issuer any ordinary shares or other equity interests in the Issuer, or securities convertible into or exchangeable or exercisable for such equity interests.

(c) This Subscription Agreement has been duly authorized, executed and delivered by the Issuer, and assuming the due authorization, execution and delivery of the same by Subscriber, this Subscription Agreement shall constitute the valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors generally and by the availability of equitable remedies.

(d) Other than the Other Subscription Agreements, the Transaction Agreement and any other agreement contemplated by the Transaction Agreement, the Issuer has not entered into any side letter or similar agreement in connection with the Transaction with any Other Subscriber or any other investor in connection with such Other Subscriber's or investor's direct or indirect investment in the Issuer. Except for any alternative settlement procedures, eligibility for qualified purchasers to invest, and other than terms particular to the regulatory requirements of such investor or its affiliates or related funds, no Other Subscription Agreement includes terms and conditions that are materially more favorable to any such Other Subscriber than Subscriber hereunder. The Other Subscription Agreements have not been amended or modified and shall not be amended after the date hereof to provide for terms with respect to the subscription of the Preferred Shares that are materially more favorable to such Other Subscriber thereunder than the terms of this Subscription Agreement, unless such terms are also offered to Subscriber.

(e) Assuming the accuracy of the representations and warranties of Subscriber, the execution and delivery of this Subscription Agreement, the issuance and sale of the Subscribed Shares and the compliance by the Issuer with the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Issuer pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of the property or assets of the Issuer is subject; (ii) the constitutional documents of the Issuer; or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over the Issuer or any of its properties that, in the case of clauses (i) and (iii), would reasonably be expected to have an Issuer Material Adverse Effect.

(f) The Issuer is not in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of (i) the organizational documents of the Issuer, (ii) any loan or credit agreement, guarantee, note, bond, mortgage, indenture, lease or other agreement, permit, franchise or license to which, as of the date of this Subscription Agreement, the Issuer is a party or by which the Issuer's properties or assets are bound or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency, taxing authority or regulatory body, domestic or foreign, having jurisdiction over the Issuer or any of its properties, except, in the case of clauses (ii) and (iii), for defaults or violations that have not had and would not be reasonably likely to have, individually or in the aggregate, an Issuer Material Adverse Effect.

(g) Assuming the accuracy of the representations and warranties of Subscriber, the Issuer is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority, self-regulatory organization (including, except as set forth below, Nasdaq Capital Market (the "Stock Exchange")) or other person in connection with the execution, delivery and performance of this Subscription Agreement (including, without limitation, the issuance of the Underlying Shares), other than (i) filings required by applicable state securities laws, (ii) the filing of the Registration Statement pursuant to Section 5 below, (iii) those required by the U.S. Securities and Exchange Commission (the "Commission") or Stock Exchange, including with respect to obtaining stockholder approval, (iv) those required to consummate the Transaction as provided under the Transaction Agreement, (v) the filing of notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, if applicable, and (vi) the failure of which to obtain would not be reasonably likely to have an Issuer Material Adverse Effect.

(h) As of their respective dates, all reports, statements, schedules, prospectuses or registration statements (collectively, the "SEC Reports") filed by the Issuer with the Commission complied in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Issuer included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing and fairly present in all material respects the financial position of the Issuer as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments. A copy of each SEC Report is available to Subscriber via the Commission's EDGAR system. There are no material outstanding or unresolved comments in comment letters from the staff of the Division of Corporation Finance of the Commission with respect to any of the SEC Reports.

(i) Except for such matters that would not have an Issuer Material Adverse Effect, there is no (i) suit, action, proceeding or arbitration before a governmental authority or arbitrator pending, or, to the knowledge of the Issuer, threatened in writing against the Issuer or (ii) judgment, decree, injunction, ruling or order of any governmental authority or arbitrator outstanding against the Issuer.

(j) Assuming the accuracy of Subscriber's representations and warranties set forth in Section 4 of this Subscription Agreement, no registration under the Securities Act is required for the offer and sale of the Subscribed Shares by the Issuer to Subscriber, and the Subscribed Shares are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act or any state securities laws.

(k) Neither the Issuer nor any person acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Subscribed Shares.

(l) The Issuer is not, and immediately after receipt of payment for the Preferred Share will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4 Subscriber Representations and Warranties. Subscriber represents and warrants to the Issuer that, except as disclosed in the SEC Reports:

(a) Subscriber (i) if a corporate entity, is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, incorporation or formation, or if a natural person, is of sound mind and has reached 18 years of age, and (ii) has the requisite power, capacity and authority to enter into and perform its obligations under this Subscription Agreement.

(b) This Subscription Agreement has been duly executed and delivered by Subscriber, and assuming the due authorization, execution and delivery of the same by the Issuer, this Subscription Agreement shall constitute the valid and legally binding obligation of Subscriber, enforceable against Subscriber in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors generally and by the availability of equitable remedies.

(c) The execution and delivery of this Subscription Agreement, the purchase of the Subscribed Shares and the compliance by Subscriber with all of the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Subscriber pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Subscriber is a party or by which Subscriber is bound or to which any of the property or assets of Subscriber is subject; (ii) the organizational documents of Subscriber; or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Subscriber or any of its properties that, in the case of clauses (i) and (iii), would reasonably be expected to have a Subscriber Material Adverse Effect. For purposes of this Subscription Agreement, a "Subscriber Material Adverse Effect" means an event, change, development, occurrence, condition or effect with respect to Subscriber that would reasonably be expected to have a material adverse effect on Subscriber's ability to consummate the transactions contemplated hereby, including the purchase of the Subscribed Shares.

(d) At the time Subscriber was offered the Subscribed Shares, it was, and as of the date hereof, Subscriber is (i) an "accredited investor" (within the meaning of Rule 501 of Regulation D under the Securities Act) (an "Accredited Investor") or a Qualified Institutional Buyer (as defined in 144A of the Securities Act) (a "QIB"), as indicated in the questionnaire attached as Annex B hereto (an "Investor Questionnaire"), (ii) an "institutional account", as defined in FINRA Rule 4512(c) (an "Institutional Account"), (iii) a sophisticated institutional investor, experienced in investing in private equity transactions and capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, including its participation in the Transactions and (iv) acquiring the Subscribed Shares only for its own account and not for the account of others, and not on behalf of any other account or person or with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act. Subscriber is not an entity formed for the specific purpose of acquiring the Subscribed Shares.

(e) Nature of Investment. Subscriber understands that the Subscribed Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Subscribed Shares issued at the Closing have not been registered under the Securities Act. Subscriber understands that the Subscribed Shares may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act except (i) to the Issuer or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and in each of cases (i) and (iii) in accordance with any applicable securities laws of the states and other jurisdictions of the United States, and that any share certificates (if any) or the register of members of the Issuer shall contain a legend or restrictive notation to such effect, and as a result of such restrictions, Subscriber may not be able to readily resell the Subscribed Shares and may be required to bear the financial risk of an investment in the Subscribed Shares for an indefinite period of time. Subscriber acknowledges that Subscribed Preferred Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Subscriber understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Subscribed Shares.

(f) Subscriber understands and agrees that Subscriber is purchasing the Subscribed Shares directly from the Issuer. Subscriber further acknowledges that there have not been, and Subscriber hereby agrees that it is not relying on, any representations, warranties, covenants or agreements made to Subscriber by the Issuer, any of its affiliates or any control persons, officers, directors, employees, partners, agents or representatives, any other party to the Transaction or any other person or entity, expressly or by implication, other than those representations, warranties, covenants and agreements of the Issuer expressly set forth in this Subscription Agreement, and Subscriber hereby represents and warrants that it is relying exclusively on Subscriber's own sources of information, investment analysis and due diligence (including professional advice such Subscriber deems appropriate) with respect to this offering of the Subscribed Shares, and the business, condition (financial and otherwise), management, operations, properties and prospects of the Issuer, including but not limited to all business, legal, regulatory, accounting, credit and tax matters. Subscriber acknowledges that certain information provided by the Issuer was based on projections, and such projections were prepared based on assumptions and estimates that are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projections.

(g) In making its decision to purchase the Subscribed Shares, Subscriber has relied solely upon independent investigation made by Subscriber and the Issuer's representations warranties and covenants contained herein. Subscriber has not relied on any statements or other information provided by anyone other than the Issuer concerning the Issuer, the Transaction, the Subscribed Shares or the offer and sale of the Subscribed Shares. Subscriber acknowledges and agrees that Subscriber has received and has had an adequate opportunity to review such financial and other information as Subscriber deems necessary in order to make an investment decision with respect to the Subscribed Shares, including with respect to the Issuer and its subsidiaries and the Transaction, and made its own assessment and is satisfied concerning the relevant tax and other economic considerations relevant to Subscriber's investment in the Subscribed Shares. Subscriber represents and agrees that Subscriber and Subscriber's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Subscriber and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Subscribed Shares. Without limiting the generality of the foregoing, Subscriber acknowledges that it has reviewed the Issuer's SEC Reports with the Commission.

(h) Subscriber became aware of this offering of the Subscribed Shares solely by means of direct contact between Subscriber and the Issuer, or their respective representatives or affiliates, and the Subscribed Shares were offered to Subscriber solely by direct contact between Subscriber and the Issuer, or their respective representatives or affiliates. Subscriber did not become aware of this offering of the Subscribed Shares, nor were the Subscribed Shares offered to Subscriber, by any other means. Subscriber acknowledges that the Issuer represents and warrants that the Subscribed Shares (i) were not offered by any form of general solicitation or general advertising and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

(i) Subscriber acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Subscribed Shares and that it is able to fend for itself in the transactions contemplated by this Subscription Agreement. Subscriber has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Subscribed Shares, and Subscriber has had an opportunity to seek, and has sought, such accounting, legal, business and tax advice as Subscriber has considered necessary to make an informed investment decision. Subscriber acknowledges and agrees that neither the Issuer nor any of its affiliates has provided any tax advice to Subscriber or made any representations or warranties or guarantees to Subscriber regarding the tax treatment of its investment in the Subscribed Shares.

(j) Subscriber has adequately analyzed and fully considered the risks of an investment in the Subscribed Shares and determined that the Subscribed Shares are a suitable investment for Subscriber and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in the Issuer. Subscriber acknowledges specifically that a possibility of total loss exists.

(k) Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Subscribed Shares or made any findings or determination as to the fairness of this investment.

(l) Subscriber is not, and is not owned or controlled by or acting on behalf of (in connection with this Transaction), a Sanctioned Person (as defined below). Subscriber is not an institution that accepts currency for deposit and that (a) has no physical presence in the jurisdiction in which it is incorporated or in which it is operating and (b) is unaffiliated with a regulated financial group that is subject to consolidated supervision (a "Shell Bank") or providing banking services to a Shell Bank. Subscriber represents that if it is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.), as amended by the USA PATRIOT Act of 2001 and its implementing regulations (collectively, the "BSA/PATRIOT Act"), that Subscriber maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required by applicable law, it maintains, either directly or through the use of a third-party administrator, policies and procedures reasonably designed for the screening of any investors in Subscriber against Sanctions-related lists of blocked or restricted persons. Subscriber further represents and warrants that (a) the funds held by Subscriber and used to purchase the Subscribed Shares were not directly or indirectly derived from or related to any activities that may contravene U.S. federal, state or non-U.S. anti-money laundering, anti-corruption or Sanctions laws and regulations or activities that may otherwise be deemed criminal and (b) any returns from Subscriber's investment will not be used to finance any illegal activities. For purposes of this Subscription Agreement, "Sanctioned Person" means at any time any person or entity with whom dealings are restricted, prohibited, or sanctionable under any Sanctions (as defined below), including as a result of being: (a) listed on any Sanctions-related list of designated or blocked or restricted persons; (b) that is a national of, the government of, or any agency or instrumentality of the government of, or resident in, or organized under the laws of, a country or territory that is the target of comprehensive Sanctions from time to time (as of the date of this Subscription Agreement, Cuba, Iran, North Korea, Syria, and the Crimea region); or (c) a relationship of ownership, control, or agency with any of the foregoing. "Sanctions" means those trade, economic and financial sanctions laws, regulations, embargoes, and restrictive measures (in each case having the force of law) administered, enacted or enforced from time to time by (a) the United States (including without limitation the U.S. Department of the Treasury, Office of Foreign Assets Control, the U.S. Department of State, and the U.S. Department of Commerce), (b) the European Union and enforced by its member states, (c) the United Nations, (d) the United Kingdom and (e) the Cayman Islands.

(m) Subscriber is not owned or controlled by or acting on behalf of (in connection with this Transaction), a person or entity resident in, or whose funds used to purchase the Subscribed Shares are transferred from or through, a country, territory or entity that (i) has been designated as non-cooperative with international anti- money laundering or counter terrorist financing principles or procedures by the United States or by an intergovernmental group or organization, such as the Financial Action Task Force, of which the United States is a member; (ii) is the subject of an advisory issued by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury; or (iii) has been designated by the Secretary of the Treasury under Section 311 of the USA PATRIOT Act as warranting special measures due to money laundering concerns (any such country or territory, a "Non-cooperative Jurisdiction"), or an entity or individual that resides or has a place of business in, or is organized under the laws of, a Non-cooperative Jurisdiction.

(p) If Subscriber is an employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), a plan, an individual retirement account or other arrangement that is subject to section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or an employee benefit plan that is a governmental plan (as defined in section 3(32) of ERISA), a church plan (as defined in section 3(33) of ERISA), a non-U.S. plan (as described in section 4(b)(4) of ERISA) or other plan that is not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan") subject to the fiduciary or prohibited transactions provisions of ERISA or section 4975 of the Code, Subscriber represents and warrants that (i) it has not relied on the Issuer or any of its affiliates (the "Transaction Parties") as the Plan's fiduciary or for advice, with respect to its decision to acquire and hold the Subscribed Shares , and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the Subscribed Shares and (ii) none of the acquisition, holding and/or transfer or disposition of the Subscribed Shares will result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or any similar law or regulation.

(q) Subscriber, at the time of payment of the Purchase Price in accordance with Section 2, will have sufficient funds to pay the Purchase Price pursuant to Section 2.

(r) No broker or finder is entitled to any brokerage or finder's fee or commission payable by Subscriber solely in connection with the sale of the Subscribed Shares to Subscriber based on any arrangement entered into by or on behalf of Subscriber.

Section 5 Additional Covenants.

(a) The Subscribed Shares (and the Underlying Shares) may only be resold, transferred, pledged or otherwise disposed of in compliance with state and federal securities laws. The Issuer shall use commercially reasonable efforts to cause the removal of all restrictive legends from all Underlying Shares once the sale of the Underlying Shares has been registered under the Registration Statement upon the receipt of a representation by the holder that it will only sell such shares pursuant to (i) the Registration Statement or another an effective resale registration statement covering the holder's resale of the Underlying Shares, which includes a prospectus that is current, and in the manner contemplated by such registration statement, and that the holder will not sell such Underlying Shares pursuant to such registration statement if it has received oral or written notice from the Issuer that use of the prospectus is suspended or that the prospectus otherwise may not be used for transfers of such shares or (ii) the requirements of Rule 144 under the Securities Act or otherwise in accordance with the Securities Act.

(iii) The Issuer acknowledges and agrees that Subscriber may from time to time after the Closing pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Subscribed Shares (or the Underlying Shares) to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and, if required under the terms of such arrangement, Subscriber may transfer pledged or secured Subscribed Shares (or, following conversion, Underlying Shares) to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Issuer and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith; further, no notice shall be required of such pledge; *provided that* Subscriber and its pledgee shall be required to comply with other provisions of this Section 5 in order to effect a sale, transfer or assignment of the Subscribed Shares (or the Underlying Shares) to such pledgee. At Subscriber's expense, the Issuer will execute and deliver such reasonable documentation as a pledgee or secured party of the Subscribed Shares may reasonably request in connection with a pledge or transfer of the Subscribed Shares (or Underlying Shares)

(iv) The Subscriber agrees to the imprinting, so long as is required by this Section 5(a), of a legend on any of the Subscribed Shares (and any Underlying Shares) in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE FEDERAL, STATE AND FOREIGN SECURITIES LAWS.

(iii) Subject to Section 5(a) hereof, Subscriber agrees with the Issuer that Subscriber will only sell Subscribed Shares (and any Underlying Shares) pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that, if Subscribed Shares (or Underlying Shares) are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from instruments representing Subscribed Shares (or Underlying Shares) as set forth in this Section 6 is predicated upon the Issuer's reliance upon this understanding.

(b) Until the second (2^{nd}) anniversary of the Closing Date, the Issuer covenants to maintain the registration of the Common Shares under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Issuer after the effective date of registration of the Common Shares pursuant to the Exchange Act.

(c) The Issuer shall (a) by 9:30 a.m. ET on the first Business Day following the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby ("Disclosure Time"), and (b) file a Current Report on Form 8-K, including the Transaction Agreement and the investor presentation provided to Subscriber, if any, or the material non-public information contained therein, as exhibits thereto, with the Commission within the time required by the Exchange Act. As of the time of the issuance of such press release, the Issuer represents to the Subscriber that it shall have publicly disclosed all material, non-public information delivered to the Subscriber by or on behalf of the Issuer or any of its respective officers, directors, employees or agents in connection with the transactions contemplated by this Subscription Agreement. Subscriber shall not issue any press release or make any other similar public statement with respect to the transactions contemplated hereby without the prior written consent of the Issuer (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, neither the Issuer nor Subscriber shall publicly disclose the name of any other party to this Subscription Agreement, or include the name of any other party in any filing with the Commission, any regulatory agency the Nasdaq, without the prior written consent of the party being disclosed, except to the extent such disclosure is required by applicable law, Commission, Nasdaq, regulations or at the request of any governmental or regulatory agency or as required by legal process, in which case (to the extent legally permissible) written notice of such disclosure permitted under this clause shall be made to the other party prior to or as soon as reasonably practicable following such disclosure.

(d) No Other Subscription Agreements will be amended in any material respect following the date of this Subscription Agreement, and each Other Subscription Agreement will reflect the same Purchase Price per Preferred Share and terms that are not materially more favorable to such Other Subscriber thereunder than the terms of this Subscription Agreement.

(e) Subscriber covenants that neither it, nor any affiliate acting on its behalf or pursuant to any understanding with it, has executed or will execute any purchases or sales of any of the Issuer's securities during the period that commenced at the time that Subscriber first learned of the transactions contemplated hereunder and ending at such time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c). Subscriber covenants that until such time as the transactions contemplated by this Subscription Agreement are publicly disclosed by the Issuer pursuant to the initial press release as described in Section 5(c), Subscriber will maintain the confidentiality of the existence and terms of the Transactions and the transactions contemplated hereby. Notwithstanding the foregoing and notwithstanding anything contained in this Subscription Agreement to the contrary, the Issuer expressly acknowledges and agrees that (i) Subscriber makes no representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Issuer after the time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c), and (ii) Subscriber shall not be restricted or prohibited from effecting any transactions in any securities of the Issuer in accordance with applicable securities laws from and after the time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c).

(f) The Issuer may request from Subscriber such additional information as the Issuer may deem reasonably necessary to evaluate the eligibility of Subscriber to acquire the Subscribed Shares, and Subscriber shall provide such information to the Issuer upon such request, and provided that the Issuer agrees to keep confidential any such information provided by the Subscriber.

(g) Subscriber hereby agrees that, from the date of this Subscription Agreement until the Closing Date, neither Subscriber nor any person or entity acting on behalf of Subscriber or pursuant to any understanding with Subscriber will engage in any Short Sales with respect to securities of the Issuer. For purposes of this Section 5(g), "Short Sales" shall include, without limitation, all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, and all types of direct and indirect stock pledges (other than pledges in the ordinary course of business as part of prime brokerage arrangements), forward sale contracts, options, puts, calls, swaps and similar arrangements (including on a total return basis), and sales and other transactions through non-U.S. broker dealers or foreign regulated brokers. Notwithstanding the foregoing, (i) nothing herein shall prohibit other entities under common management with Subscriber that have no knowledge of this Subscription Agreement or of Subscriber's participation in the Transaction (including Subscriber's controlled affiliates and/or affiliates) from entering into any Short Sales and (ii) in the case of a Subscriber that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Subscriber's assets and the portfolio managers have no knowledge of the investment decisions made by the portfolio managers managing other portions of such Subscriber's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Subscribed Shares.

Section 6 Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of either party in respect thereof, upon the earlier to occur of (a) such date and time as the Transaction Agreement is terminated in accordance with its terms, (b) upon the mutual written agreement of the parties hereto to terminate this Subscription Agreement, or (c) if, on the Transaction Closing Date, any of the conditions to Closing set forth in Section 2 of this Subscription Agreement have not been satisfied as of the time required hereunder to be so satisfied or waived by the party entitled to grant such waiver and, as a result thereof, the transactions contemplated by this Subscription Agreement are not consummated, or (d) written notice by either party to the other party to terminate this Subscription Agreement if the transactions contemplated by this Subscription Agreement are not consummated on or prior to the date falling on the six (6) month anniversary from the Transaction Closing Date; provided, that nothing herein will relieve any party from liability for any intentional breach hereof prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach. The Issuer shall notify Subscriber of the termination of the Transaction Agreement promptly after the termination thereof.

Section 7 Registration Rights.

(a) The Issuer agrees that, within thirty (30) Business Days following the Closing Date (the "Filing Date"), the Issuer will file with the Commission (at the Issuer's sole cost and expense), a registration statement registering the resale of the Underlying Shares (the initial registration statement and any other registration statement that may be filed by the Issuer under this Section 7, the "Registration Statement") on a delayed or continuous basis (determined as of two (2) Business Days prior to such filing), and the Issuer shall use its commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable after the filing thereof, but no later than the earlier of (i) the ninetieth (90^{th}) calendar day (or the one hundred and twentieth (120^{th}) calendar day if the Commission notifies the Issuer that it will "review" the Registration Statement) following the Closing Date and (ii) the tenth (10^{th}) Business Day after the date the Issuer is notified (orally or in writing, whichever is earlier) by the Commission that the Registration Statement will not be "reviewed" or will not be subject to further review (such earlier date, the "Effectiveness Date"); provided that if such day falls on a Saturday, Sunday or other day that the Commission is closed, the Effectiveness Date shall be extended to the next Business Day on which the Commission is open for business. The Issuer agrees that the Issuer will cause such Registration Statement or another registration statement (which may be a "shelf" registration statement) to remain effective until the earlier of (i) two (2) years from the issuance of the Subscribed Shares, (ii) the date on which Subscriber ceases to hold the Subscribed Shares (or the Underlying Shares), the applicable Underlying Shares of which are covered by such Registration Statement, or (iii) the first date on which Subscriber can sell all of its Subscribed Shares (or Underlying Shares) under Rule 144 of the Securities Act without restriction, including without limitation, any volume or manner of sale restrictions and without the requirement for the Issuer to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable). The Issuer's obligations to include the Underlying Shares in the Registration Statement are contingent upon Subscriber furnishing in writing to the Issuer such information regarding Subscriber, the securities of the Issuer held by Subscriber and the intended method of disposition of the Underlying Shares as shall be reasonably requested by the Issuer to effect the registration of the Underlying Shares (including disclosure of its beneficial ownership of the Subscribed Shares or the Underlying Shares, as determined in accordance with Rule 13d-3 of the Exchange Act), and shall execute such documents in connection with such registration as the Issuer may reasonably request that are customary of a selling stockholder in similar situations, provided that Subscriber shall not in connection with the foregoing be required to execute any lock-up or similar agreement or otherwise be subject to any contractual restriction on the ability to transfer the Subscribed Shares or the Underlying Shares. Any failure by the Issuer to file the Registration Statement by the Filing Date or for the Registration Statement to be declared effective by the Effectiveness Date shall not otherwise relieve the Issuer of its obligations to file or effect the Registration Statement as set forth in this Section 7. In no event shall Subscriber be identified as a statutory underwriter in the Registration Statement unless requested by the Commission; provided, that if the Commission requests that Subscriber be identified as a statutory underwriter in the Registration Statement, Subscriber will have the option, in its sole and absolute discretion, to either (i) have an opportunity to withdraw from the Registration Statement, in which case the Issuer's obligation to register the Underlying Shares will be deemed satisfied, or (ii) be included as such in the Registration Statement. Notwithstanding the foregoing, if the Commission prevents the Issuer from including any or all of the Common Shares proposed to be registered under the Registration Statement due to limitations on the use of Rule 415 of the Securities Act for the resale of Common Shares by the applicable stockholders or otherwise, such Registration Statement shall register for resale such number of Common Shares which is equal to the maximum number of Common Shares as is permitted by the Commission. In such event, the number of Common Shares to be registered for each selling stockholder named in the Registration Statement (including the number of Underlying Shares to be registered for Subscriber) shall be reduced pro rata among all such selling stockholders and as promptly as practicable after being permitted to register additional Common Shares under Rule 415 under the Securities Act, the Issuer shall amend the Registration Statement or file a new Registration Statement to register such additional Common Shares (including the applicable Underlying Shares) and cause such amendment or Registration Statement to become effective as promptly as practicable. For purposes of this Section 7, "Common Shares" and "Underlying Shares" shall mean, as of any date of determination, the Common Shares or Underlying Shares, as applicable, and any other equity security of the Issuer issued or issuable with respect to such Common Shares or Underlying Shares by way of share split, dividend, distribution, recapitalization, merger, exchange, replacement or similar event or otherwise.

(b) In the case of the registration, qualification, exemption or compliance effected by the Issuer pursuant to this Subscription Agreement, the Issuer shall, upon reasonable request, inform Subscriber as to the status of such registration, qualification, exemption and compliance. At its expense, the Issuer shall:

(i) except for such times as the Issuer is permitted hereunder to suspend the use of the prospectus forming part of a Registration Statement, use its commercially reasonable efforts to keep such registration, and any qualification, exemption or compliance under state securities laws which the Issuer determines to obtain, continuously effective with respect to Subscriber, and to keep the applicable Registration Statement or any subsequent shelf registration statement free of any material misstatements or omissions;

(ii) advise Subscriber within three (3) Business Days:

(A) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(B) when any amendment requested in (A) above has been filed with the Commission and when such amendment thereto has become effective,

(C) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for such purpose;

(D) of the receipt by the Issuer of any notification with respect to the suspension of the qualification of the Underlying Shares included therein for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(E) subject to the provisions in this Subscription Agreement, of the occurrence of any event that requires the making of any changes in any Registration Statement or prospectus included therein so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading.

Notwithstanding anything to the contrary set forth herein, the Issuer shall not, when so advising Subscriber of such events listed above, provide Subscriber with any material, nonpublic information regarding the Issuer other than to the extent that providing notice to Subscriber of the occurrence of the events listed in (A) through (C) above constitutes material, nonpublic information regarding the Issuer;

(iii) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement as soon as reasonably practicable;

(iv) upon the occurrence of any event contemplated above, except for such times as the Issuer is permitted hereunder to suspend, and has suspended, the use of a prospectus forming part of a Registration Statement, the Issuer shall use its commercially reasonable efforts to as soon as reasonably practicable prepare a post-effective amendment to such Registration Statement or a supplement to the related prospectus, or file any other required document so that, as thereafter delivered to purchasers of the Underlying Shares included therein, such prospectus will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) use its commercially reasonable efforts to cause all Underlying Shares to be listed on each securities exchange or market, if any, on which the Common Shares have been listed; and

(vi) use its commercially reasonable efforts to take all other steps necessary to effect the registration of the Underlying Shares contemplated hereby.

(c) The Issuer may delay filing or suspend the use of any such registration statement (x) if it determines, upon advice of legal counsel, that in order for the registration statement to not contain a material misstatement or omission, an amendment thereto would be needed, (y) as may be necessary in connection with the preparation and filing of a post-effective amendment to the Registration Statement following the filing of the Issuer's Annual Report on Form 10-K for its first completed fiscal year, or (z) if the Issuer's Board of Directors, upon advice of legal counsel, reasonably believes that such filing or use would materially affect a bona fide business or financing transaction of the Issuer or any of its subsidiaries, or would require premature disclosure of information that could materially adversely affect the Issuer (each such circumstance, a "Suspension Event"); provided, however, that the Issuer may not delay filing or suspend use of any registration statement on more than two occasions or for more than sixty (60) consecutive calendar days or more than ninety (90) total calendar days, in each case in any 12-month period. Upon receipt of any written notice from the Issuer of the happening of any Suspension Event during the period that the Registration Statement is effective or if as a result of a Suspension Event the Registration Statement or related prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made (in the case of the prospectus) not misleading, the Subscriber agrees that it will (i) immediately discontinue offers and sales of the Underlying Shares under the Registration Statement until the Subscriber receives (A) (x) copies of a supplemental or amended prospectus that corrects the misstatement(s) or omission(s) referred to above and (y) notice that any post-effective amendment has become effective or (B) notice from the Issuer that it may resume such offers and sales, and (ii) maintain the confidentiality of any information included in such written notice delivered by the Issuer unless otherwise required by applicable law. If so directed by the Issuer, the Subscriber will deliver to the Issuer or, in Subscriber's sole discretion, destroy all copies of the prospectus covering the Underlying Shares in the Subscriber's possession; provided, however, that this obligation to deliver or destroy all copies of the prospectus covering the Underlying Shares shall not apply to (i) the extent the Subscriber is required to retain a copy of such prospectus (A) in order to comply with applicable legal, regulatory, self-regulatory or professional requirements or (B) in accordance with a bona fide pre-existing document retention policy or (ii) copies stored electronically on archival servers as a result of automatic data back-up. In addition to the removal of restrictive legends at the Subscriber's request contemplated by Section 6(a)(iv), during any periods that a Registration Statement registering the resale of the Underlying Shares is effective, the Issuer shall, at its expense, cause the Issuer's transfer agent to remove any restrictive legends on any Underlying Shares sold by the Subscriber within two (2) Business Days of the date that (i) such Underlying Shares are sold, (ii) the Subscriber notifies the Issuer of such sale and (iii) the Subscriber provides the Issuer with any customary representations in connection therewith. In connection therewith, if required by the Issuer's transfer agent, the Issuer will promptly cause an opinion of counsel to be delivered to and maintained with its transfer agent, together with any other authorizations, certificates and directions required by the transfer agent that authorize and direct the transfer agent to issue such Underlying Shares without any such legend.

(d) From and after the Closing, the Issuer shall indemnify, defend and hold harmless the Subscriber (to the extent a seller under the Registration Statement), and the officers, employees, affiliates, directors, partners, members, managers, investment advisors, attorneys and agents of the Subscriber, and each person, if any, who controls Subscriber (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) (Subscriber and each of the foregoing, a "Subscriber Indemnified Party"), from and against any losses, judgments, claims, damages, liabilities or reasonable costs or expenses (including reasonable attorneys' fees) (collectively, "Losses"), that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any prospectus included in the Registration Statement or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (ii) any violation or alleged violation by the Issuer of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Section 8, except to the extent that such untrue or alleged untrue statements or omissions or alleged omissions are based solely upon information furnished in writing to the Issuer by a Subscriber Indemnified Party expressly for use therein. Notwithstanding the forgoing, the Issuer's indemnification obligations shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the prior written consent of the Issuer (which consent shall not be unreasonably withheld, delayed or conditioned).

(e) From and after the Closing, Subscriber shall, severally and not jointly with any Other Subscriber, indemnify, defend and hold harmless the Issuer, and the officers, employees, affiliates, directors, partners, members, managers, attorneys and agents of the Issuer, and each person, if any, who controls the Issuer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), from and against any Losses, that arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any prospectus included in the Registration Statement or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, to the extent that such untrue or alleged untrue statements or omissions or alleged omissions are based solely upon information regarding Subscriber furnished in writing to the Issuer by a Subscriber Indemnified Party expressly for use therein. In no event shall the liability of Subscriber be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Underlying Shares giving rise to such indemnification obligation. Notwithstanding the forgoing, Subscriber's indemnification obligations shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the prior written consent of Subscriber (which consent shall not be unreasonably withheld, delayed or conditioned).

(f) If the indemnification provided under this Section 7 from the indemnifying party is unavailable or insufficient to hold harmless an indemnified party in respect of any Losses referred to herein, then the indemnifying party, in lieu of indemnifying the indemnified party, shall contribute to the amount paid or payable by the indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, was made by, or relates to information supplied by, such indemnifying party or indemnified party, and the indemnifying party's and indemnified party's relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses or other liabilities referred to above shall be subject to the limitations set forth in this Section 7 and deemed to include any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this Section 7(f) from any person who was not guilty of such fraudulent misrepresentation. Each indemnifying party's obligation to make a contribution pursuant to this Section 7(f) shall be individual, not joint, and in no event shall the liability of the Subscriber under this Section 7(f) be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Underlying Shares giving rise to such indemnification obligation.

(g) Any person entitled to indemnification herein shall (1) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party) and (2) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent. An indemnifying party who elects not to assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of legal counsel to any indemnified party a conflict of interest exists between such indemnified party and any other of such indemnified parties with respect to such claim. No indemnifying party shall, without the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement which cannot be settled in all respects by the payment of money (and such money is so paid by the indemnifying party pursuant to the terms of such settlement) or which settlement does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(h) The indemnification provided for under this Subscription Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director, employee, agent, affiliate or controlling person of such indemnified party and shall survive the transfer of the Subscribed Shares (or Underlying Shares) purchased pursuant to this Subscription Agreement.

Section 9 Miscellaneous.

(a) All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) when personally delivered (or, if delivery is refused, upon presentment) or received by email prior to 6:00 p.m. Eastern time on a Business Day and, if otherwise, on the next Business Day, (ii) one (1) Business Day following sending by reputable overnight express courier (charges prepaid) or (iii) three (3) days following mailing by certified or registered mail, postage prepaid and return receipt requested, and, in each case, addressed to the intended recipient at its address specified on the signature page hereof or to such electronic mail address or address as subsequently modified by written notice given in accordance with this Section 9(a). A courtesy electronic copy of any notice sent by methods (i), (iii), or (iv) above shall also be sent to the recipient via electronic mail if provided in the applicable signature page hereof or to an electronic mail address as subsequently modified by written notice given in accordance with this Section 9(a).

(b) Subscriber acknowledges that the Issuer will rely on the acknowledgments, understandings, agreements, representations and warranties of Subscriber contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify the Issuer if it becomes aware that any of the acknowledgments, understandings, agreements, representations and warranties of Subscriber set forth herein are no longer accurate in all material respects. The Issuer acknowledges that Subscriber will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement. Prior to the Closing, the Issuer agrees to promptly notify Subscriber if it becomes aware that any of the acknowledgments, understandings, agreements, representations and warranties of the Issuer set forth herein are no longer accurate in all material respects.

(c) Each of the Issuer and Subscriber is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

(d) Each of the Issuer and Subscriber shall pay all of its own expenses in connection with this Subscription Agreement and the transactions contemplated herein.

(e) Neither this Subscription Agreement nor any rights that may accrue to Subscriber hereunder (other than the Subscribed Shares acquired hereunder and the corresponding Underlying Shares (if any)) may be transferred or assigned. Notwithstanding the foregoing, Subscriber may assign its rights and obligations under this Subscription Agreement to one or more of its affiliates (including other investment funds or accounts managed or advised by the investment manager who acts on behalf of Subscriber) or, with the Issuer's prior written consent, to another person, provided that (i) such assignee(s) agrees in writing to be bound by the terms hereof, and upon such assignment by Subscriber, the assignee(s) shall become Subscriber hereunder and have the rights and obligations and be deemed to make the representations and warranties of Subscriber provided for herein to the extent of such assignment and (ii) no such assignment shall relieve Subscriber of its obligations hereunder if any such assignee fails to perform such obligations.

(f) All the agreements, representations and warranties made by each party hereto in this Subscription Agreement shall survive the Closing.

(g) The Issuer may request from Subscriber such additional information as the Issuer may reasonably deem necessary to evaluate the eligibility of Subscriber to acquire the Subscribed Shares and to register the Underlying Shares (if any) for resale, and Subscriber shall promptly provide such information as may be reasonably requested. Subscriber acknowledges that the Issuer may file a copy of a form of this Subscription Agreement with the Commission as an exhibit to a periodic report of the Issuer or a registration statement of the Issuer.

(h) This Subscription Agreement may not be amended, modified or waived except by an instrument in writing signed by each of the parties hereto.

(i) This Subscription Agreement and its appendices and exhibits constitute the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof.

(j) Except as otherwise provided herein, this Subscription Agreement is intended for the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person. Except as set forth in Section 9(b), Section 9(c) and this Section 9(j) with respect to the persons specifically referenced therein, this Subscription Agreement shall not confer any rights or remedies upon any person other than the parties hereto, and their respective successor and assigns, and the parties hereto acknowledge that such persons so referenced are third party beneficiaries of this Subscription Agreement for the purposes of, and to the extent of, the rights granted to them, if any, pursuant to the applicable provisions.

(k) The parties hereto acknowledge and agree that (i) this Subscription Agreement is being entered into in order to induce the Issuer to execute and deliver the Transaction Agreement and (ii) irreparable damage would occur in the event that any of the provisions of this Subscription Agreement were not performed in accordance with their specific terms or were otherwise breached and that money or other legal remedies would not be an adequate remedy for such damage. It is accordingly agreed that the parties shall be entitled to equitable relief, including in the form of an injunction or injunctions to prevent breaches or threatened breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement, this being in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise. The parties hereto acknowledge and agree that the Issuer shall be entitled to seek specific enforcement of the Subscriber's obligations to fund the Purchase Price and the provisions of this Subscription Agreement, in each case, on the terms and subject to the conditions set forth herein. The parties hereto further acknowledge and agree: (x) to waive any requirement for the security or posting of any bond in connection with any such equitable remedy; (y) not to assert that a remedy of specific enforcement pursuant to this Section 9(k) is unenforceable, invalid, contrary to applicable law or inequitable for any reason; and (z) to waive any defenses in any action for specific performance, including the defense that a remedy at law would be adequate.

(l) In any dispute arising out of or related to this Subscription Agreement, or any other agreement, document, instrument or certificate contemplated hereby, or any transactions contemplated hereby or thereby, the applicable adjudicating body shall award to the prevailing party, if any, the documented out-of-pocket costs and attorneys' fees reasonably incurred by the prevailing party in connection with the dispute and the enforcement of its rights under this Subscription Agreement or any other agreement, document, instrument or certificate contemplated hereby and, if the adjudicating body determines a party to be the prevailing party under circumstances where the prevailing party won on some but not all of the claims and counterclaims, the adjudicating body may award the prevailing party an appropriate percentage of the documented out-of-pocket costs and attorneys' fees reasonably incurred by the prevailing party in connection with the adjudication and the enforcement of its rights under this Subscription Agreement or any other agreement, document, instrument or certificate contemplated hereby or thereby.

(m) If any provision of this Subscription Agreement or the application of any such provision to any person, entity or circumstance shall be held to be prohibited by or invalid, illegal or unenforceable under applicable law in any respect by a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity, illegality or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Subscription Agreement.

(n) No failure or delay by a party hereto in exercising any right, power or remedy under this Subscription Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of such party. No single or partial exercise of any right, power or remedy under this Subscription Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Subscription Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(o) This Subscription Agreement may be executed and delivered in one or more counterparts and by fax, email or other electronic transmission, each of which shall be deemed an original and all of which shall be considered one and the same agreement. No party shall raise the use of a fax machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a fax machine or email as a defense to the formation or enforceability of a contract and each party forever waives any such defense.

(p) This Subscription Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the principles of conflicts of laws that would otherwise require the application of the law of any other state.

(q) **EACH PARTY AND ANY PERSON ASSERTING RIGHTS AS A THIRD-PARTY BENEFICIARY HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS SUBSCRIPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS SUBSCRIPTION AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS SUBSCRIPTION AGREEMENT.**

(r) The parties agree that all disputes, legal actions, suits and proceedings arising out of or relating to this Subscription Agreement must be brought exclusively in the United States District Court for the Southern District of New York, the Supreme Court of the State of New York and the federal or state appellate courts located in the State of New York (collectively the "Designated Courts"). Each party hereby consents and submits to the exclusive jurisdiction of the Designated Courts. No legal action, suit or proceeding with respect to this Subscription Agreement may be brought in any other forum. Each party hereby irrevocably waives all claims of immunity from jurisdiction, and any objection which such party may now or hereafter have to the laying of venue of any suit, action or proceeding in any Designated Court, including any right to object on the basis that any dispute, action, suit or proceeding brought in the Designated Courts has been brought in an improper or inconvenient forum or venue. Each of the parties also agrees that delivery of any process, summons, notice or document to a party hereof in compliance with Section 9(a) of this Subscription Agreement shall be effective service of process for any action, suit or proceeding in a Designated Court with respect to any matters to which the parties have submitted to jurisdiction as set forth above.

(s) This Subscription Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Subscription Agreement, or the negotiation, execution or performance of this Subscription Agreement, may only be brought against the entities that are expressly named as parties or third party beneficiaries hereto and then only with respect to the specific obligations set forth herein with respect to such party or third party beneficiary. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, affiliate, agent, attorney or other representative of any party hereto or of any affiliate of any party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any party hereto under this Subscription Agreement or for any claim, action, suit or other legal proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(t) The obligations of Subscriber under this Subscription Agreement are several and not joint with the obligations of any Other Subscriber or any other investor under the Other Subscription Agreements, and Subscriber shall not be responsible in any way for the performance of the obligations of any Other Subscriber under this Subscription Agreement or any Other Subscriber or other investor under the Other Subscription Agreements. The decision of Subscriber to purchase the Subscribed Shares and the Underlying Shares (if any) pursuant to this Subscription Agreement has been made by Subscriber independently of any Other Subscriber or any other investor and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Issuer or any of its respective subsidiaries which may have been made or given by any Other Subscriber or investor or by any agent or employee of any Other Subscriber or investor, and neither Subscriber nor any of its agents or employees shall have any liability to any Other Subscriber or investor (or any other person) relating to or arising from any such information, materials, statements or opinions. Nothing contained herein or in any Other Subscription Agreement, and no action taken by Subscriber or investor pursuant hereto or thereto, shall be deemed to constitute Subscriber and Other Subscribers or other investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that Subscriber and Other Subscribers or other investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Subscription Agreement and the Other Subscription Agreements. Subscriber acknowledges that no Other Subscriber has acted as agent for Subscriber in connection with making its investment hereunder and no Other Subscriber will be acting as agent of Subscriber in connection with monitoring its investment in the Subscribed Shares and the Underlying Shares (if any) or enforcing its rights under this Subscription Agreement. Subscriber shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Subscription Agreement, and it shall not be necessary for any Other Subscriber or investor to be joined as an additional party in any proceeding for such purpose.

[Signature pages follow.]

IN WITNESS WHEREOF, each of the Issuer and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authozied representative as of the date first set forth above.

For and on behalf of

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

Name: Haimei Wu
Title:Chairwoman and Chief Executive Officer
Address for Notices:
Room 202, 2/F, Baide Building, Building 11, No. 15

Rongtong Street, Yuexiu District, Guangzhou
Attn: Quan Qiu
Email: Qiuquan@baidemed.com

SUBSCRIBER:

WENYUAN WU

Number for Subscribed Shares:	200,000
Purchase Price:	$ 2,000,000

You must pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account of the Issuer specified by the Issuer in the Closing Notice.

ANNEX A

SUMMARY OF KEY TERMS OF THE PREFERRED SHARES

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Subscription Agreement to which this Term Sheet is attached.

Issuer:	Baird Medical Investment Holdings Limited, a Cayman Islands exempted company (the "***Issuer***").
Investor:	WU Wenyuan (the "***Investor***")
Subscription Amount:	$2,000,000, which shall either by paid by the Investor or a third party designated by the Investor
Preferred Shares:	Series A convertible preferred shares of a par value of $0.0001 each
Subscribed Shares:	200,000 Preferred Shares
Issue Price:	$10.00 per share
No Voting Rights:	The Preferred Shares shall not have any voting rights.
Use of Proceeds:	Proceeds from the sale of the Subscribe Shares will be used to finance the de-SPAC transaction by and among others, the Company, Betters Medical Investment Holdings Limited, Tycoon Choice Global Limited, and ExcelFin Acquisition Corporation, including but not limited to the payment for costs and expenses related to the de-SPAC transaction.
Dividend Rate:	7% per annum, payable in cash annually within 30 days from the issuance of annual audit report by the Issuer, *provided that*, such dividends shall be payable by the Issuer only if the Issuer's reported EBITDA for such year is higher than the dividends so calculated. If the Issuer'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.
Conversion Price:	On or before the two (2) year anniversary from the date of the Closing Date (the "***Conversion Outside Date***"), the holder of Preferred Shares shall have the right, by written notice to the Issuer, to convert the Preferred Shares into ordinary shares of the Company of a par value of $0.0001 each (the "***Ordinary Shares***") calculated by dividing the subscription price of the Preferred Shares held by such holder (together with accrued but unpaid dividends thereon) by $10.00 (the "***Conversion Price***"). For the avoidance of doubt, the holder of Preferred Shares may at any time elect to convert all or, from time to time, elect to convert a portion of the Preferred Shares into the Ordinary Shares at the Conversion Price.
Issuer Redemption:	If holder of the Preferred Shares chooses not to or fails to elect to convert the Preferred Shares to Ordinary Shares upon the Conversion Outside Date, the Issuer shall choose to either (i) redeem the outstanding Preferred Shares at a price equal to the accrued but unpaid dividends of such Preferred Shares and 110% of the subscription price of such Preferred Shares in cash (the "***Redemption Consideration***"), or (ii) to issue such number of Ordinary Shares of the Issuer as calculated by dividing the Redemption Consideration by the lower of: (x) the Conversion Price, and (y) the volume-weighted average price of the Issuer during the 20 trading day period before the Conversion Outside Date.

Redemption at Option of Issuer:	The Issuer may choose to repurchase for cash all or, from time to time, a portion of the Preferred Shares at any time after the Closing Date, at a price equal to 110% of the subscription price of such Preferred Shares (together with accrued but unpaid dividends thereon) in cash.
Right of First Refusal:	Each holder of Preferred Shares shall have the right of first refusal to any future issuance by the Issuer of equity securities on a pro rata basis.
Ranking:	The Issuer shall not issue any equity securities that are senior than the Preferred Shares and shall not incur any financial indebtedness other than in the ordinary course of business, in each case, before the Conversion Outside Date without the written approval from the holders holding majority of Preferred Shares, except where such financing is to be used to redeem all but not a portion of the Preferred Shares in cash.
Fees / Expenses:	The Investor and the Issuer agree to bear their own respective legal, accounting, and other professional fees and expenses incurred in connection with the Subscription Agreement and the transactions contemplated hereby.
Governing Law:	New York

ANNEX B

ACCREDITED INVESTOR QUESTIONNAIRE

Capitalized terms used and not defined in this Annex B shall have the meanings given in the Subscription Agreement to which this Annex B is attached.

The undersigned represents and warrants that the undersigned is an "institutional account" as such term is defined in FINRA Rule 4512(c).

The undersigned represents and warrants that the undersigned is an "accredited investor" as such term is defined in Rule 501(a)(1), (2), (3), (7) or (9) of Regulation D under the U.S. Securities Act of 1933, as amended (the "Securities Act"), for *one or more* of the reasons specified below (please check all boxes that apply):

☐	(i)	A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity;
☐	(ii)	A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
☐	(iii)	An investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 (the "Investment Advisers Act") or registered pursuant to the laws of a state, or an investment adviser relying on the exemption from registering with the Commission under the section 203(l) or (m) of the Investment Advisers Act;
☐	(iv)	An insurance company as defined in section 2(13) of the Exchange Act;
☐	(v)	An investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act;
☐	(vi)	A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
☐	(vii)	A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state, or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000;
☐	(viii)	An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
☐	(ix)	A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
☐	(x)	An organization described in Section 501(c)(3) of the Internal Revenue Code, or a corporation, business trust, partnership, or limited liability company, or any other entity not formed for the specific purpose of acquiring the securities, with total assets in excess of $5,000,000;

☐ (xi) A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Issuer;

☐ (xii) an entity in which all of the equity owners are "accredited investors";

☐ (xiii) An entity, of a type not listed in any of the foregoing paragraphs, not formed for the specific purpose of acquiring the securities and owning investments in excess of $5,000,000; and/or

(xiv) The Subscriber does not qualify under any of the investor categories set forth in (i) through (xiii) above.

2.1 Type of the Subscriber. Indicate the form of entity of the Subscriber:

☐	Limited Partnership	☐	Corporation
☐	General Partnership	☐	Revocable Trust
☐	Other Type of Trust (indicate type):	.....	
☐	Other (indicate form of organization):	.....	

Subscriber:

Subscriber Name: _____

By: _____
Signatory Name:
Signatory Title:

Exhibit 10.6

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this "Subscription Agreement") is entered into on September 30, 2024, by and between Baird Medical Investment Holdings Limited (the "Issuer"), a Cayman Islands exempted company, and the undersigned subscriber ("Subscriber").

WHEREAS, on June 26, 2023, the Issuer entered into a Business Combination Agreement with ExcelFin Acquisition Corp., a Delaware corporation ("SPAC"), and the other parties thereto, in substantially the form previously provided to Subscriber, providing for, among other transactions, the merger of a direct, wholly owned subsidiary of the Issuer with and into SPAC (as may be amended or supplemented from time to time, the "Transaction Agreement," and the transactions contemplated by the Transaction Agreement, the "Transaction");

WHEREAS, in connection with the Transaction, Subscriber desires to subscribe for and purchase such number of Series A convertible preferred shares, par value $0.0001 per share (the "Preferred Shares") as is set forth on the signature page of this subscription agreement (the "Subscribed Shares") of and from the Issuer at a price per Share of $10.00, in an aggregate purchase price as set forth on Subscriber's signature page attached hereto (the "Purchase Price"), and the Issuer desires to issue and sell to Subscriber the Subscribed Shares in consideration of the payment of the Purchase Price by or on behalf of Subscriber to the Issuer; and

WHEREAS, on or about the date of this Subscription Agreement, the Issuer may be entering into other Subscription Agreements (the "Other Subscription Agreements" and together with this Subscription Agreement, the "Subscription Agreements") with certain other investors (the "Other Subscribers" and together with Subscriber, the "Subscribers") in a form substantially similar to this Subscription Agreement, pursuant to which such Other Subscribers have agreed to purchase additional Preferred Shares on the closing date of the Transaction (the "Transaction Closing Date").

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

Section 1 Subscription. Subject to the terms and conditions hereof, at the Closing (as defined below), Subscriber hereby agrees to subscribe for and purchase, and the Issuer hereby agrees to issue and sell to Subscriber, upon the payment of the Purchase Price, the Subscribed Shares (such subscription and issuance, the "Subscription").

Section 2 Closing.

(a) The consummation of the Subscription contemplated hereby (the "Closing") shall occur upon the satisfaction (or valid waiver) by each of the parties hereto of the conditions set out in paragraphs (c) to (f) of this Section 2 (such date of Closing, the "Closing Date").

(b) At least two (2) calendar days (inclusive of the date hereof) before the anticipated Closing Date, the Issuer shall deliver written notice to Subscriber (the "Closing Notice") specifying (i) such anticipated Closing Date and (ii) the wire instructions for delivery of the Purchase Price to the Issuer. Prior to the Transaction Closing Date, Subscriber shall pay the Purchase Price for the Subscribed Shares by wire transfer of United States dollars in immediately available funds to the account specified by the Issuer in the Closing Notice, such funds to be held in escrow by the Issuer until the Closing, and deliver to the Issuer such information as is reasonably requested in the Closing Notice in order for the Issuer to issue the Subscribed Shares to Subscriber or its nominee. Upon satisfaction (or, if applicable, waiver) of the conditions set forth in this Section 2, at the Closing, the Issuer shall issue to Subscriber or its nominee the Subscribed Shares, free and clear of any liens or other restrictions whatsoever (other than those arising under state or federal securities laws). At the Closing Date, the Purchase Price shall be considered to be released to the Issuer. In the event that the consummation of the Transaction does not occur by October 4, 2024, unless otherwise agreed to in writing by the Issuer and Subscriber, the Issuer shall return the Purchase Price to Subscriber by wire transfer of United States dollars in immediately available funds to an account specified by Subscriber, and any book entries shall be deemed cancelled. Notwithstanding such return or cancellation, (x) a failure to close on the anticipated Closing Date shall not, by itself, be deemed to be a failure of any of the conditions to Closing set forth in this Section 2 to be satisfied or waived on or prior to the Closing Date, and (y) unless and until this Subscription Agreement is terminated in accordance with Section 6 herein, Subscriber shall remain obligated (A) to redeliver funds to the Issuer following the Issuer's delivery to Subscriber of a new Closing Notice and (B) to consummate the Closing upon satisfaction of the conditions set forth in this Section 2. Immediately upon the Closing, the Issuer shall issue the number of Subscribed Shares subscribed for by Subscriber. For the purposes of this Subscription Agreement, "Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks are required or authorized to close in the State of New York.

(c) The Closing shall be subject to the satisfaction, or valid waiver by each of the parties hereto, of the conditions that, on the Closing Date:

(i) no suspension of the offering or sale or trading of the Issuer's ordinary shares of a par value of

$0.0001 each (the "Ordinary Shares") in any applicable jurisdiction, or initiation or threatening in writing of any proceedings for any such purposes, shall be deemed to have occurred;

(ii) all conditions precedent to the closing of the Transaction set forth in the Transaction Agreement shall have been satisfied (as determined by the parties to the Transaction Agreement) or waived (other than those conditions which, by their nature, are to be satisfied at the closing of the Transaction pursuant to the Transaction Agreement or by the Closing itself, but subject to their satisfaction or valid waiver at the closing of the Transaction), and the closing of the Transaction shall occur substantially concurrently with or immediately following the Closing; and

(iii) no court of competent jurisdiction shall have issued, enforced or entered any judgment or order which is then in effect and has the effect of making the consummation of the transactions contemplated hereby illegal or otherwise restraining or prohibiting consummation of the transactions contemplated hereby.

(d) In addition to the conditions set forth in Section 2(c), the obligation of the Issuer to consummate the Closing shall be subject to the satisfaction or valid waiver by the Issuer of the additional conditions that, on the Closing Date:

(i) all representations and warranties of Subscriber contained in this Subscription Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect (as defined below), which representations and warranties shall be true and correct in all respects) at and as of the Closing Date (except for representations and warranties made as of a specific date, which shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true and correct in all respects) as of such date); and

(ii) Subscriber shall have performed, satisfied and complied with in all material respects all covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by it at or prior to the Closing.

(e) In addition to the conditions set forth in Section 2(c), the obligation of Subscriber to consummate the Closing shall be subject to the satisfaction or valid waiver by Subscriber of the additional conditions that, on the Closing Date:

(i) all representations and warranties of the Issuer contained in this Subscription Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect (as defined below), which representations and warranties shall be true and correct in all respects) at and as of the Closing Date (except for representations and warranties made as of a specific date, which shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect, which representations and warranties shall be true and correct in all respects) as of such date), other than, in each case, failure to be true and correct that would not result, individually or in the aggregate, in an Issuer Material Adverse Effect;

(ii) the Issuer shall have performed, satisfied or complied with, in each case, in all material respects, all covenants and agreements required by this Subscription Agreement to be performed, satisfied or complied with by it at or prior to the Closing;

(iii) no amendment, waiver, or modification of the Transaction Agreement (as the same exists on the date hereof as provided to Subscriber) shall have occurred that materially and adversely affects the economic benefits that Subscriber would receive under this Subscription Agreement; and

(iv) the Issuer's amended and restated memorandum and articles of association (as defined below), which shall substantially reflect the rights of the holders of the Preferred Shares as set forth in Annex A attached hereto, shall have been adopted by the Issuer under the laws of the Cayman Islands.

(f) Prior to or at the Closing, Subscriber shall deliver all such other information and shall take all such actions as is reasonably requested by the Issuer in order for the Issuer to issue the Subscribed Shares to Subscriber or its nominee.

Section 3 Issuer Representations and Warranties. The Issuer represents and warrants to Subscriber that:

(a) The Issuer (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, (ii) has the requisite power and authority to own, lease and operate its properties, to carry on its business as it is now being conducted and to enter into, deliver and perform its obligations under this Subscription Agreement, and (iii) is duly licensed or qualified to conduct its business and, if applicable, is in good standing under the laws of each jurisdiction (other than its jurisdiction of incorporation) in which the conduct of its business or the ownership of its properties or assets requires such license or qualification, except, with respect to the foregoing clause (iii), where the failure to be in good standing would not reasonably be expected to have an Issuer Material Adverse Effect. For purposes of this Subscription Agreement, an "Issuer Material Adverse Effect" means an event, change, development, occurrence, condition or effect with respect to the Issuer and its subsidiaries, taken together as a whole (on a consolidated basis), that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the business, financial condition, stockholders equity or results of operations of the Issuer and its subsidiaries, taken together as a whole (on a consolidated basis) or on the Issuer's ability to consummate the transactions contemplated hereby, including the issuance and sale of the Subscribed Shares.

(b) As of the date of this Subscription Agreement, the authorized share capital of the Issuer is US$50,000 divided into 500,000,000 shares of a nominal or par value of US$0.0001 each, out of which 29,411,765 Ordinary Shares are issued and outstanding. On or before the Closing Date, the authorized share capital of the Issuer shall be (i) increased from US$50,000 divided into 500,000,000 shares of a nominal or par value of US$0.0001 each, to US$75,000 divided into 750,000,000 shares of a nominal or par value of US$0.0001 each, by the creation of additional 250,000,000 shares of a nominal or par value of US$0.0001 each and (ii) immediately thereafter, re- classify and re-designate the authorised share capital of the Issuer such that the authorised share capital of the Issuer shall become US$75,000 divided into 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each and 250,000,000 series A convertible preferred shares of a nominal or par value of US$0.0001 each. On the Closing Date, the Subscribed Shares will have been duly authorized and, when issued to Subscriber against full payment therefor in accordance with the terms of this Subscription Agreement, the Subscribed Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of the Issuer's then applicable memorandum and articles of association. The Ordinary Shares issuable upon conversion of the Subscribed Shares (the "Underlying Shares") will be duly authorized and, when issued upon conversion of the Subscribed Shares, will be validly issued, fully paid and non-assessable and will not have been issued in violation of any preemptive rights created under the Issuer's then applicable memorandum and articles of association, by any contract to which the Issuer is a party or by which it is bound, or under the laws of its jurisdiction of incorporation. Except as set forth above and pursuant to the Other Subscription Agreements and the Transaction Agreement, there are no outstanding options, warrants or other rights to subscribe for, purchase or acquire from the Issuer any ordinary shares or other equity interests in the Issuer, or securities convertible into or exchangeable or exercisable for such equity interests.

(c) This Subscription Agreement has been duly authorized, executed and delivered by the Issuer, and assuming the due authorization, execution and delivery of the same by Subscriber, this Subscription Agreement shall constitute the valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors generally and by the availability of equitable remedies.

(d) Other than the Other Subscription Agreements, the Transaction Agreement and any other agreement contemplated by the Transaction Agreement, the Issuer has not entered into any side letter or similar agreement in connection with the Transaction with any Other Subscriber or any other investor in connection with such Other Subscriber's or investor's direct or indirect investment in the Issuer. Except for any alternative settlement procedures, eligibility for qualified purchasers to invest, and other than terms particular to the regulatory requirements of such investor or its affiliates or related funds, no Other Subscription Agreement includes terms and conditions that are materially more favorable to any such Other Subscriber than Subscriber hereunder. The Other Subscription Agreements have not been amended or modified and shall not be amended after the date hereof to provide for terms with respect to the subscription of the Preferred Shares that are materially more favorable to such Other Subscriber thereunder than the terms of this Subscription Agreement, unless such terms are also offered to Subscriber.

(e) Assuming the accuracy of the representations and warranties of Subscriber, the execution and delivery of this Subscription Agreement, the issuance and sale of the Subscribed Shares and the compliance by the Issuer with the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Issuer pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of the property or assets of the Issuer is subject; (ii) the constitutional documents of the Issuer; or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over the Issuer or any of its properties that, in the case of clauses (i) and (iii), would reasonably be expected to have an Issuer Material Adverse Effect.

(f) The Issuer is not in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of (i) the organizational documents of the Issuer, (ii) any loan or credit agreement, guarantee, note, bond, mortgage, indenture, lease or other agreement, permit, franchise or license to which, as of the date of this Subscription Agreement, the Issuer is a party or by which the Issuer's properties or assets are bound or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency, taxing authority or regulatory body, domestic or foreign, having jurisdiction over the Issuer or any of its properties, except, in the case of clauses (ii) and (iii), for defaults or violations that have not had and would not be reasonably likely to have, individually or in the aggregate, an Issuer Material Adverse Effect.

(g) Assuming the accuracy of the representations and warranties of Subscriber, the Issuer is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority, self-regulatory organization (including, except as set forth below, Nasdaq Capital Market (the "Stock Exchange")) or other person in connection with the execution, delivery and performance of this Subscription Agreement (including, without limitation, the issuance of the Underlying Shares), other than (i) filings required by applicable state securities laws, (ii) the filing of the Registration Statement pursuant to Section 5 below, (iii) those required by the U.S. Securities and Exchange Commission (the "Commission") or Stock Exchange, including with respect to obtaining stockholder approval, (iv) those required to consummate the Transaction as provided under the Transaction Agreement, (v) the filing of notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, if applicable, and (vi) the failure of which to obtain would not be reasonably likely to have an Issuer Material Adverse Effect.

(h) As of their respective dates, all reports, statements, schedules, prospectuses or registration statements (collectively, the "SEC Reports") filed by the Issuer with the Commission complied in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Issuer included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing and fairly present in all material respects the financial position of the Issuer as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments. A copy of each SEC Report is available to Subscriber via the Commission's EDGAR system. There are no material outstanding or unresolved comments in comment letters from the staff of the Division of Corporation Finance of the Commission with respect to any of the SEC Reports.

(i) Except for such matters that would not have an Issuer Material Adverse Effect, there is no (i) suit, action, proceeding or arbitration before a governmental authority or arbitrator pending, or, to the knowledge of the Issuer, threatened in writing against the Issuer or (ii) judgment, decree, injunction, ruling or order of any governmental authority or arbitrator outstanding against the Issuer.

(j) Assuming the accuracy of Subscriber's representations and warranties set forth in Section 4 of this Subscription Agreement, no registration under the Securities Act is required for the offer and sale of the Subscribed Shares by the Issuer to Subscriber, and the Subscribed Shares are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act or any state securities laws.

(k) Neither the Issuer nor any person acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Subscribed Shares.

(l) The Issuer is not, and immediately after receipt of payment for the Preferred Share will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4 Subscriber Representations and Warranties. Subscriber represents and warrants to the Issuer that, except as disclosed in the SEC Reports:

(a) Subscriber (i) if a corporate entity, is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, incorporation or formation, or if a natural person, is of sound mind and has reached 18 years of age, and (ii) has the requisite power, capacity and authority to enter into and perform its obligations under this Subscription Agreement.

(b) This Subscription Agreement has been duly executed and delivered by Subscriber, and assuming the due authorization, execution and delivery of the same by the Issuer, this Subscription Agreement shall constitute the valid and legally binding obligation of Subscriber, enforceable against Subscriber in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors generally and by the availability of equitable remedies.

(c) The execution and delivery of this Subscription Agreement, the purchase of the Subscribed Shares and the compliance by Subscriber with all of the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Subscriber pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Subscriber is a party or by which Subscriber is bound or to which any of the property or assets of Subscriber is subject; (ii) the organizational documents of Subscriber; or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Subscriber or any of its properties that, in the case of clauses (i) and (iii), would reasonably be expected to have a Subscriber Material Adverse Effect. For purposes of this Subscription Agreement, a "Subscriber Material Adverse Effect" means an event, change, development, occurrence, condition or effect with respect to Subscriber that would reasonably be expected to have a material adverse effect on Subscriber's ability to consummate the transactions contemplated hereby, including the purchase of the Subscribed Shares.

(d) At the time Subscriber was offered the Subscribed Shares, it was, and as of the date hereof, Subscriber is (i) an "accredited investor" (within the meaning of Rule 501 of Regulation D under the Securities Act) (an "Accredited Investor") or a Qualified Institutional Buyer (as defined in 144A of the Securities Act) (a "QIB"), as indicated in the questionnaire attached as Annex B hereto (an "Investor Questionnaire"), (ii) an "institutional account", as defined in FINRA Rule 4512(c) (an "Institutional Account"), (iii) a sophisticated institutional investor, experienced in investing in private equity transactions and capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, including its participation in the Transactions and (iv) acquiring the Subscribed Shares only for its own account and not for the account of others, and not on behalf of any other account or person or with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act. Subscriber is not an entity formed for the specific purpose of acquiring the Subscribed Shares.

(e) Nature of Investment. Subscriber understands that the Subscribed Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Subscribed Shares issued at the Closing have not been registered under the Securities Act. Subscriber understands that the Subscribed Shares may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act except (i) to the Issuer or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and in each of cases (i) and (iii) in accordance with any applicable securities laws of the states and other jurisdictions of the United States, and that any share certificates (if any) or the register of members of the Issuer shall contain a legend or restrictive notation to such effect, and as a result of such restrictions, Subscriber may not be able to readily resell the Subscribed Shares and may be required to bear the financial risk of an investment in the Subscribed Shares for an indefinite period of time. Subscriber acknowledges that Subscribed Preferred Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Subscriber understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Subscribed Shares.

(f) Subscriber understands and agrees that Subscriber is purchasing the Subscribed Shares directly from the Issuer. Subscriber further acknowledges that there have not been, and Subscriber hereby agrees that it is not relying on, any representations, warranties, covenants or agreements made to Subscriber by the Issuer, any of its affiliates or any control persons, officers, directors, employees, partners, agents or representatives, any other party to the Transaction or any other person or entity, expressly or by implication, other than those representations, warranties, covenants and agreements of the Issuer expressly set forth in this Subscription Agreement, and Subscriber hereby represents and warrants that it is relying exclusively on Subscriber's own sources of information, investment analysis and due diligence (including professional advice such Subscriber deems appropriate) with respect to this offering of the Subscribed Shares, and the business, condition (financial and otherwise), management, operations, properties and prospects of the Issuer, including but not limited to all business, legal, regulatory, accounting, credit and tax matters. Subscriber acknowledges that certain information provided by the Issuer was based on projections, and such projections were prepared based on assumptions and estimates that are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projections.

(g) In making its decision to purchase the Subscribed Shares, Subscriber has relied solely upon independent investigation made by Subscriber and the Issuer's representations warranties and covenants contained herein. Subscriber has not relied on any statements or other information provided by anyone other than the Issuer concerning the Issuer, the Transaction, the Subscribed Shares or the offer and sale of the Subscribed Shares. Subscriber acknowledges and agrees that Subscriber has received and has had an adequate opportunity to review such financial and other information as Subscriber deems necessary in order to make an investment decision with respect to the Subscribed Shares, including with respect to the Issuer and its subsidiaries and the Transaction, and made its own assessment and is satisfied concerning the relevant tax and other economic considerations relevant to Subscriber's investment in the Subscribed Shares. Subscriber represents and agrees that Subscriber and Subscriber's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Subscriber and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Subscribed Shares. Without limiting the generality of the foregoing, Subscriber acknowledges that it has reviewed the Issuer's SEC Reports with the Commission.

(h) Subscriber became aware of this offering of the Subscribed Shares solely by means of direct contact between Subscriber and the Issuer, or their respective representatives or affiliates, and the Subscribed Shares were offered to Subscriber solely by direct contact between Subscriber and the Issuer, or their respective representatives or affiliates. Subscriber did not become aware of this offering of the Subscribed Shares, nor were the Subscribed Shares offered to Subscriber, by any other means. Subscriber acknowledges that the Issuer represents and warrants that the Subscribed Shares (i) were not offered by any form of general solicitation or general advertising and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

(i) Subscriber acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Subscribed Shares and that it is able to fend for itself in the transactions contemplated by this Subscription Agreement. Subscriber has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Subscribed Shares, and Subscriber has had an opportunity to seek, and has sought, such accounting, legal, business and tax advice as Subscriber has considered necessary to make an informed investment decision. Subscriber acknowledges and agrees that neither the Issuer nor any of its affiliates has provided any tax advice to Subscriber or made any representations or warranties or guarantees to Subscriber regarding the tax treatment of its investment in the Subscribed Shares.

(j) Subscriber has adequately analyzed and fully considered the risks of an investment in the Subscribed Shares and determined that the Subscribed Shares are a suitable investment for Subscriber and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in the Issuer. Subscriber acknowledges specifically that a possibility of total loss exists.

(k) Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Subscribed Shares or made any findings or determination as to the fairness of this investment.

(l) Subscriber is not, and is not owned or controlled by or acting on behalf of (in connection with this Transaction), a Sanctioned Person (as defined below). Subscriber is not an institution that accepts currency for deposit and that (a) has no physical presence in the jurisdiction in which it is incorporated or in which it is operating and (b) is unaffiliated with a regulated financial group that is subject to consolidated supervision (a "Shell Bank") or providing banking services to a Shell Bank. Subscriber represents that if it is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.), as amended by the USA PATRIOT Act of 2001 and its implementing regulations (collectively, the "BSA/PATRIOT Act"), that Subscriber maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required by applicable law, it maintains, either directly or through the use of a third-party administrator, policies and procedures reasonably designed for the screening of any investors in Subscriber against Sanctions-related lists of blocked or restricted persons. Subscriber further represents and warrants that (a) the funds held by Subscriber and used to purchase the Subscribed Shares were not directly or indirectly derived from or related to any activities that may contravene U.S. federal, state or non-U.S. anti-money laundering, anti-corruption or Sanctions laws and regulations or activities that may otherwise be deemed criminal and (b) any returns from Subscriber's investment will not be used to finance any illegal activities. For purposes of this Subscription Agreement, "Sanctioned Person" means at any time any person or entity with whom dealings are restricted, prohibited, or sanctionable under any Sanctions (as defined below), including as a result of being: (a) listed on any Sanctions-related list of designated or blocked or restricted persons; (b) that is a national of, the government of, or any agency or instrumentality of the government of, or resident in, or organized under the laws of, a country or territory that is the target of comprehensive Sanctions from time to time (as of the date of this Subscription Agreement, Cuba, Iran, North Korea, Syria, and the Crimea region); or (c) a relationship of ownership, control, or agency with any of the foregoing. "Sanctions" means those trade, economic and financial sanctions laws, regulations, embargoes, and restrictive measures (in each case having the force of law) administered, enacted or enforced from time to time by (a) the United States (including without limitation the U.S. Department of the Treasury, Office of Foreign Assets Control, the U.S. Department of State, and the U.S. Department of Commerce), (b) the European Union and enforced by its member states, (c) the United Nations, (d) the United Kingdom and (e) the Cayman Islands.

(m) Subscriber is not owned or controlled by or acting on behalf of (in connection with this Transaction), a person or entity resident in, or whose funds used to purchase the Subscribed Shares are transferred from or through, a country, territory or entity that (i) has been designated as non-cooperative with international anti- money laundering or counter terrorist financing principles or procedures by the United States or by an intergovernmental group or organization, such as the Financial Action Task Force, of which the United States is a member; (ii) is the subject of an advisory issued by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury; or (iii) has been designated by the Secretary of the Treasury under Section 311 of the USA PATRIOT Act as warranting special measures due to money laundering concerns (any such country or territory, a "Non-cooperative Jurisdiction"), or an entity or individual that resides or has a place of business in, or is organized under the laws of, a Non-cooperative Jurisdiction.

(p) If Subscriber is an employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), a plan, an individual retirement account or other arrangement that is subject to section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or an employee benefit plan that is a governmental plan (as defined in section 3(32) of ERISA), a church plan (as defined in section 3(33) of ERISA), a non-U.S. plan (as described in section 4(b)(4) of ERISA) or other plan that is not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan") subject to the fiduciary or prohibited transactions provisions of ERISA or section 4975 of the Code, Subscriber represents and warrants that (i) it has not relied on the Issuer or any of its affiliates (the "Transaction Parties") as the Plan's fiduciary or for advice, with respect to its decision to acquire and hold the Subscribed Shares , and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the Subscribed Shares and (ii) none of the acquisition, holding and/or transfer or disposition of the Subscribed Shares will result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or any similar law or regulation.

(q) Subscriber, at the time of payment of the Purchase Price in accordance with Section 2, will have sufficient funds to pay the Purchase Price pursuant to Section 2.

(r) No broker or finder is entitled to any brokerage or finder's fee or commission payable by Subscriber solely in connection with the sale of the Subscribed Shares to Subscriber based on any arrangement entered into by or on behalf of Subscriber.

Section 5 Additional Covenants.

(a) The Subscribed Shares (and the Underlying Shares) may only be resold, transferred, pledged or otherwise disposed of in compliance with state and federal securities laws. The Issuer shall use commercially reasonable efforts to cause the removal of all restrictive legends from all Underlying Shares once the sale of the Underlying Shares has been registered under the Registration Statement upon the receipt of a representation by the holder that it will only sell such shares pursuant to (i) the Registration Statement or another an effective resale registration statement covering the holder's resale of the Underlying Shares, which includes a prospectus that is current, and in the manner contemplated by such registration statement, and that the holder will not sell such Underlying Shares pursuant to such registration statement if it has received oral or written notice from the Issuer that use of the prospectus is suspended or that the prospectus otherwise may not be used for transfers of such shares or

(ii) the requirements of Rule 144 under the Securities Act or otherwise in accordance with the Securities Act.

(iii) The Issuer acknowledges and agrees that Subscriber may from time to time after the Closing pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Subscribed Shares (or the Underlying Shares) to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and, if required under the terms of such arrangement, Subscriber may transfer pledged or secured Subscribed Shares (or, following conversion, Underlying Shares) to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Issuer and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith; further, no notice shall be required of such pledge; *provided that* Subscriber and its pledgee shall be required to comply with other provisions of this Section 5 in order to effect a sale, transfer or assignment of the Subscribed Shares (or the Underlying Shares) to such pledgee. At Subscriber's expense, the Issuer will execute and deliver such reasonable documentation as a pledgee or secured party of the Subscribed Shares may reasonably request in connection with a pledge or transfer of the Subscribed Shares (or Underlying Shares)

(iv) The Subscriber agrees to the imprinting, so long as is required by this Section 5(a), of a legend on any of the Subscribed Shares (and any Underlying Shares) in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE FEDERAL, STATE AND FOREIGN SECURITIES LAWS.

(iii) Subject to Section 5(a) hereof, Subscriber agrees with the Issuer that Subscriber will only sell Subscribed Shares (and any Underlying Shares) pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that, if Subscribed Shares (or Underlying Shares) are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from instruments representing Subscribed Shares (or Underlying Shares) as set forth in this Section 6 is predicated upon the Issuer's reliance upon this understanding.

(b) Until the second (2^{nd}) anniversary of the Closing Date, the Issuer covenants to maintain the registration of the Common Shares under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Issuer after the effective date of registration of the Common Shares pursuant to the Exchange Act.

(c) The Issuer shall (a) by 9:30 a.m. ET on the first Business Day following the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby ("Disclosure Time"), and (b) file a Current Report on Form 8-K, including the Transaction Agreement and the investor presentation provided to Subscriber, if any, or the material non-public information contained therein, as exhibits thereto, with the Commission within the time required by the Exchange Act. As of the time of the issuance of such press release, the Issuer represents to the Subscriber that it shall have publicly disclosed all material, non-public information delivered to the Subscriber by or on behalf of the Issuer or any of its respective officers, directors, employees or agents in connection with the transactions contemplated by this Subscription Agreement. Subscriber shall not issue any press release or make any other similar public statement with respect to the transactions contemplated hereby without the prior written consent of the Issuer (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, neither the Issuer nor Subscriber shall publicly disclose the name of any other party to this Subscription Agreement, or include the name of any other party in any filing with the Commission, any regulatory agency the Nasdaq, without the prior written consent of the party being disclosed, except to the extent such disclosure is required by applicable law, Commission, Nasdaq, regulations or at the request of any governmental or regulatory agency or as required by legal process, in which case (to the extent legally permissible) written notice of such disclosure permitted under this clause shall be made to the other party prior to or as soon as reasonably practicable following such disclosure.

(d) No Other Subscription Agreements will be amended in any material respect following the date of this Subscription Agreement, and each Other Subscription Agreement will reflect the same Purchase Price per Preferred Share and terms that are not materially more favorable to such Other Subscriber thereunder than the terms of this Subscription Agreement.

(e) Subscriber covenants that neither it, nor any affiliate acting on its behalf or pursuant to any understanding with it, has executed or will execute any purchases or sales of any of the Issuer's securities during the period that commenced at the time that Subscriber first learned of the transactions contemplated hereunder and ending at such time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c). Subscriber covenants that until such time as the transactions contemplated by this Subscription Agreement are publicly disclosed by the Issuer pursuant to the initial press release as described in Section 5(c), Subscriber will maintain the confidentiality of the existence and terms of the Transactions and the transactions contemplated hereby. Notwithstanding the foregoing and notwithstanding anything contained in this Subscription Agreement to the contrary, the Issuer expressly acknowledges and agrees that (i) Subscriber makes no representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Issuer after the time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c), and (ii) Subscriber shall not be restricted or prohibited from effecting any transactions in any securities of the Issuer in accordance with applicable securities laws from and after the time that the transactions contemplated by this Subscription Agreement are first publicly announced pursuant to the initial press release as described in Section 5(c).

(f) The Issuer may request from Subscriber such additional information as the Issuer may deem reasonably necessary to evaluate the eligibility of Subscriber to acquire the Subscribed Shares, and Subscriber shall provide such information to the Issuer upon such request, and provided that the Issuer agrees to keep confidential any such information provided by the Subscriber.

(g) Subscriber hereby agrees that, from the date of this Subscription Agreement until the Closing Date, neither Subscriber nor any person or entity acting on behalf of Subscriber or pursuant to any understanding with Subscriber will engage in any Short Sales with respect to securities of the Issuer. For purposes of this Section 5(g), "Short Sales" shall include, without limitation, all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, and all types of direct and indirect stock pledges (other than pledges in the ordinary course of business as part of prime brokerage arrangements), forward sale contracts, options, puts, calls, swaps and similar arrangements (including on a total return basis), and sales and other transactions through non-U.S. broker dealers or foreign regulated brokers. Notwithstanding the foregoing, (i) nothing herein shall prohibit other entities under common management with Subscriber that have no knowledge of this Subscription Agreement or of Subscriber's participation in the Transaction (including Subscriber's controlled affiliates and/or affiliates) from entering into any Short Sales and (ii) in the case of a Subscriber that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Subscriber's assets and the portfolio managers have no knowledge of the investment decisions made by the portfolio managers managing other portions of such Subscriber's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Subscribed Shares.

Section 6 Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of either party in respect thereof, upon the earlier to occur of (a) such date and time as the Transaction Agreement is terminated in accordance with its terms, (b) upon the mutual written agreement of the parties hereto to terminate this Subscription Agreement, or (c) if, on the Transaction Closing Date, any of the conditions to Closing set forth in Section 2 of this Subscription Agreement have not been satisfied as of the time required hereunder to be so satisfied or waived by the party entitled to grant such waiver and, as a result thereof, the transactions contemplated by this Subscription Agreement are not consummated, or (d) written notice by either party to the other party to terminate this Subscription Agreement if the transactions contemplated by this Subscription Agreement are not consummated on or prior to October 4, 2024; provided, that nothing herein will relieve any party from liability for any intentional breach hereof prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach. The Issuer shall notify Subscriber of the termination of the Transaction Agreement promptly after the termination thereof.

Section 7 Registration Rights.

(a) The Issuer agrees that, within thirty (30) Business Days following the Closing Date (the "Filing Date"), the Issuer will file with the Commission (at the Issuer's sole cost and expense), a registration statement registering the resale of the Underlying Shares (the initial registration statement and any other registration statement that may be filed by the Issuer under this Section 7, the "Registration Statement") on a delayed or continuous basis (determined as of two (2) Business Days prior to such filing), and the Issuer shall use its commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable after the filing thereof, but no later than the earlier of (i) the ninetieth (90^{th}) calendar day (or the one hundred and twentieth (120^{th}) calendar day if the Commission notifies the Issuer that it will "review" the Registration Statement) following the Closing Date and (ii) the tenth (10^{th}) Business Day after the date the Issuer is notified (orally or in writing, whichever is earlier) by the Commission that the Registration Statement will not be "reviewed" or will not be subject to further review (such earlier date, the "Effectiveness Date"); provided that if such day falls on a Saturday, Sunday or other day that the Commission is closed, the Effectiveness Date shall be extended to the next Business Day on which the Commission is open for business. The Issuer agrees that the Issuer will cause such Registration Statement or another registration statement (which may be a "shelf" registration statement) to remain effective until the earlier of (i) two (2) years from the issuance of the Subscribed Shares, (ii) the date on which Subscriber ceases to hold the Subscribed Shares (or the Underlying Shares), the applicable Underlying Shares of which are covered by such Registration Statement, or (iii) the first date on which Subscriber can sell all of its Subscribed Shares (or Underlying Shares) under Rule 144 of the Securities Act without restriction, including without limitation, any volume or manner of sale restrictions and without the requirement for the Issuer to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable). The Issuer's obligations to include the Underlying Shares in the Registration Statement are contingent upon Subscriber furnishing in writing to the Issuer such information regarding Subscriber, the securities of the Issuer held by Subscriber and the intended method of disposition of the Underlying Shares as shall be reasonably requested by the Issuer to effect the registration of the Underlying Shares (including disclosure of its beneficial ownership of the Subscribed Shares or the Underlying Shares, as determined in accordance with Rule 13d-3 of the Exchange Act), and shall execute such documents in connection with such registration as the Issuer may reasonably request that are customary of a selling stockholder in similar situations, provided that Subscriber shall not in connection with the foregoing be required to execute any lock-up or similar agreement or otherwise be subject to any contractual restriction on the ability to transfer the Subscribed Shares or the Underlying Shares. Any failure by the Issuer to file the Registration Statement by the Filing Date or for the Registration Statement to be declared effective by the Effectiveness Date shall not otherwise relieve the Issuer of its obligations to file or effect the Registration Statement as set forth in this Section 7. In no event shall Subscriber be identified as a statutory underwriter in the Registration Statement unless requested by the Commission; provided, that if the Commission requests that Subscriber be identified as a statutory underwriter in the Registration Statement, Subscriber will have the option, in its sole and absolute discretion, to either (i) have an opportunity to withdraw from the Registration Statement, in which case the Issuer's obligation to register the Underlying Shares will be deemed satisfied, or (ii) be included as such in the Registration Statement. Notwithstanding the foregoing, if the Commission prevents the Issuer from including any or all of the Common Shares proposed to be registered under the Registration Statement due to limitations on the use of Rule 415 of the Securities Act for the resale of Common Shares by the applicable stockholders or otherwise, such Registration Statement shall register for resale such number of Common Shares which is equal to the maximum number of Common Shares as is permitted by the Commission. In such event, the number of Common Shares to be registered for each selling stockholder named in the Registration Statement (including the number of Underlying Shares to be registered for Subscriber) shall be reduced pro rata among all such selling stockholders and as promptly as practicable after being permitted to register additional Common Shares under Rule 415 under the Securities Act, the Issuer shall amend the Registration Statement or file a new Registration Statement to register such additional Common Shares (including the applicable Underlying Shares) and cause such amendment or Registration Statement to become effective as promptly as practicable. For purposes of this Section 7, "Common Shares" and "Underlying Shares" shall mean, as of any date of determination, the Common Shares or Underlying Shares, as applicable, and any other equity security of the Issuer issued or issuable with respect to such Common Shares or Underlying Shares by way of share split, dividend, distribution, recapitalization, merger, exchange, replacement or similar event or otherwise.

(b) In the case of the registration, qualification, exemption or compliance effected by the Issuer pursuant to this Subscription Agreement, the Issuer shall, upon reasonable request, inform Subscriber as to the status of such registration, qualification, exemption and compliance. At its expense, the Issuer shall:

(i) except for such times as the Issuer is permitted hereunder to suspend the use of the prospectus forming part of a Registration Statement, use its commercially reasonable efforts to keep such registration, and any qualification, exemption or compliance under state securities laws which the Issuer determines to obtain, continuously effective with respect to Subscriber, and to keep the applicable Registration Statement or any subsequent shelf registration statement free of any material misstatements or omissions;

(ii) advise Subscriber within three (3) Business Days:

(A) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(B) when any amendment requested in (A) above has been filed with the Commission and when such amendment thereto has become effective,

(C) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for such purpose;

(D) of the receipt by the Issuer of any notification with respect to the suspension of the qualification of the Underlying Shares included therein for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(E) subject to the provisions in this Subscription Agreement, of the occurrence of any event that requires the making of any changes in any Registration Statement or prospectus included therein so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading.

Notwithstanding anything to the contrary set forth herein, the Issuer shall not, when so advising Subscriber of such events listed above, provide Subscriber with any material, nonpublic information regarding the Issuer other than to the extent that providing notice to Subscriber of the occurrence of the events listed in (A) through (C) above constitutes material, nonpublic information regarding the Issuer;

(iii) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement as soon as reasonably practicable;

(iv) upon the occurrence of any event contemplated above, except for such times as the Issuer is permitted hereunder to suspend, and has suspended, the use of a prospectus forming part of a Registration Statement, the Issuer shall use its commercially reasonable efforts to as soon as reasonably practicable prepare a post-effective amendment to such Registration Statement or a supplement to the related prospectus, or file any other required document so that, as thereafter delivered to purchasers of the Underlying Shares included therein, such prospectus will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) use its commercially reasonable efforts to cause all Underlying Shares to be listed on each securities exchange or market, if any, on which the Common Shares have been listed; and

(vi) use its commercially reasonable efforts to take all other steps necessary to effect the registration of the Underlying Shares contemplated hereby.

(c) The Issuer may delay filing or suspend the use of any such registration statement (x) if it determines, upon advice of legal counsel, that in order for the registration statement to not contain a material misstatement or omission, an amendment thereto would be needed, (y) as may be necessary in connection with the preparation and filing of a post-effective amendment to the Registration Statement following the filing of the Issuer's Annual Report on Form 10-K for its first completed fiscal year, or (z) if the Issuer's Board of Directors, upon advice of legal counsel, reasonably believes that such filing or use would materially affect a bona fide business or financing transaction of the Issuer or any of its subsidiaries, or would require premature disclosure of information that could materially adversely affect the Issuer (each such circumstance, a "Suspension Event"); provided, however, that the Issuer may not delay filing or suspend use of any registration statement on more than two occasions or for more than sixty (60) consecutive calendar days or more than ninety (90) total calendar days, in each case in any 12-month period. Upon receipt of any written notice from the Issuer of the happening of any Suspension Event during the period that the Registration Statement is effective or if as a result of a Suspension Event the Registration Statement or related prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made (in the case of the prospectus) not misleading, the Subscriber agrees that it will (i) immediately discontinue offers and sales of the Underlying Shares under the Registration Statement until the Subscriber receives (A) (x) copies of a supplemental or amended prospectus that corrects the misstatement(s) or omission(s) referred to above and (y) notice that any post-effective amendment has become effective or (B) notice from the Issuer that it may resume such offers and sales, and (ii) maintain the confidentiality of any information included in such written notice delivered by the Issuer unless otherwise required by applicable law. If so directed by the Issuer, the Subscriber will deliver to the Issuer or, in Subscriber's sole discretion, destroy all copies of the prospectus covering the Underlying Shares in the Subscriber's possession; provided, however, that this obligation to deliver or destroy all copies of the prospectus covering the Underlying Shares shall not apply to (i) the extent the Subscriber is required to retain a copy of such prospectus (A) in order to comply with applicable legal, regulatory, self-regulatory or professional requirements or (B) in accordance with a bona fide pre-existing document retention policy or (ii) copies stored electronically on archival servers as a result of automatic data back-up. In addition to the removal of restrictive legends at the Subscriber's request contemplated by Section 6(a)(iv), during any periods that a Registration Statement registering the resale of the Underlying Shares is effective, the Issuer shall, at its expense, cause the Issuer's transfer agent to remove any restrictive legends on any Underlying Shares sold by the Subscriber within two (2) Business Days of the date that (i) such Underlying Shares are sold, (ii) the Subscriber notifies the Issuer of such sale and (iii) the Subscriber provides the Issuer with any customary representations in connection therewith. In connection therewith, if required by the Issuer's transfer agent, the Issuer will promptly cause an opinion of counsel to be delivered to and maintained with its transfer agent, together with any other authorizations, certificates and directions required by the transfer agent that authorize and direct the transfer agent to issue such Underlying Shares without any such legend.

(d) From and after the Closing, the Issuer shall indemnify, defend and hold harmless the Subscriber (to the extent a seller under the Registration Statement), and the officers, employees, affiliates, directors, partners, members, managers, investment advisors, attorneys and agents of the Subscriber, and each person, if any, who controls Subscriber (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) (Subscriber and each of the foregoing, a "Subscriber Indemnified Party"), from and against any losses, judgments, claims, damages, liabilities or reasonable costs or expenses (including reasonable attorneys' fees) (collectively, "Losses"), that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any prospectus included in the Registration Statement or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (ii) any violation or alleged violation by the Issuer of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Section 8, except to the extent that such untrue or alleged untrue statements or omissions or alleged omissions are based solely upon information furnished in writing to the Issuer by a Subscriber Indemnified Party expressly for use therein. Notwithstanding the forgoing, the Issuer's indemnification obligations shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the prior written consent of the Issuer (which consent shall not be unreasonably withheld, delayed or conditioned).

(e) From and after the Closing, Subscriber shall, severally and not jointly with any Other Subscriber, indemnify, defend and hold harmless the Issuer, and the officers, employees, affiliates, directors, partners, members, managers, attorneys and agents of the Issuer, and each person, if any, who controls the Issuer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), from and against any Losses, that arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any prospectus included in the Registration Statement or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, to the extent that such untrue or alleged untrue statements or omissions or alleged omissions are based solely upon information regarding Subscriber furnished in writing to the Issuer by a Subscriber Indemnified Party expressly for use therein. In no event shall the liability of Subscriber be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Underlying Shares giving rise to such indemnification obligation. Notwithstanding the forgoing, Subscriber's indemnification obligations shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the prior written consent of Subscriber (which consent shall not be unreasonably withheld, delayed or conditioned).

(f) If the indemnification provided under this Section 7 from the indemnifying party is unavailable or insufficient to hold harmless an indemnified party in respect of any Losses referred to herein, then the indemnifying party, in lieu of indemnifying the indemnified party, shall contribute to the amount paid or payable by the indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, was made by, or relates to information supplied by, such indemnifying party or indemnified party, and the indemnifying party's and indemnified party's relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses or other liabilities referred to above shall be subject to the limitations set forth in this Section 7 and deemed to include any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this Section 7(f) from any person who was not guilty of such fraudulent misrepresentation. Each indemnifying party's obligation to make a contribution pursuant to this Section 7(f) shall be individual, not joint, and in no event shall the liability of the Subscriber under this Section 7(f) be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Underlying Shares giving rise to such indemnification obligation.

(g) Any person entitled to indemnification herein shall (1) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party) and (2) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent. An indemnifying party who elects not to assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of legal counsel to any indemnified party a conflict of interest exists between such indemnified party and any other of such indemnified parties with respect to such claim. No indemnifying party shall, without the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement which cannot be settled in all respects by the payment of money (and such money is so paid by the indemnifying party pursuant to the terms of such settlement) or which settlement does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(h) The indemnification provided for under this Subscription Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director, employee, agent, affiliate or controlling person of such indemnified party and shall survive the transfer of the Subscribed Shares (or Underlying Shares) purchased pursuant to this Subscription Agreement.

Section 9 Miscellaneous.

(a) All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) when personally delivered (or, if delivery is refused, upon presentment) or received by email prior to 6:00 p.m. Eastern time on a Business Day and, if otherwise, on the next Business Day, (ii) one (1) Business Day following sending by reputable overnight express courier (charges prepaid) or (iii) three (3) days following mailing by certified or registered mail, postage prepaid and return receipt requested, and, in each case, addressed to the intended recipient at its address specified on the signature page hereof or to such electronic mail address or address as subsequently modified by written notice given in accordance with this Section 9(a). A courtesy electronic copy of any notice sent by methods (i), (iii), or (iv) above shall also be sent to the recipient via electronic mail if provided in the applicable signature page hereof or to an electronic mail address as subsequently modified by written notice given in accordance with this Section 9(a).

(b) Subscriber acknowledges that the Issuer will rely on the acknowledgments, understandings, agreements, representations and warranties of Subscriber contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify the Issuer if it becomes aware that any of the acknowledgments, understandings, agreements, representations and warranties of Subscriber set forth herein are no longer accurate in all material respects. The Issuer acknowledges that Subscriber will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement. Prior to the Closing, the Issuer agrees to promptly notify Subscriber if it becomes aware that any of the acknowledgments, understandings, agreements, representations and warranties of the Issuer set forth herein are no longer accurate in all material respects.

(c) Each of the Issuer and Subscriber is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

(d) Each of the Issuer and Subscriber shall pay all of its own expenses in connection with this Subscription Agreement and the transactions contemplated herein.

(e) Neither this Subscription Agreement nor any rights that may accrue to Subscriber hereunder (other than the Subscribed Shares acquired hereunder and the corresponding Underlying Shares (if any)) may be transferred or assigned. Notwithstanding the foregoing, Subscriber may assign its rights and obligations under this Subscription Agreement to one or more of its affiliates (including other investment funds or accounts managed or advised by the investment manager who acts on behalf of Subscriber) or, with the Issuer's prior written consent, to another person, provided that (i) such assignee(s) agrees in writing to be bound by the terms hereof, and upon such assignment by Subscriber, the assignee(s) shall become Subscriber hereunder and have the rights and obligations and be deemed to make the representations and warranties of Subscriber provided for herein to the extent of such assignment and (ii) no such assignment shall relieve Subscriber of its obligations hereunder if any such assignee fails to perform such obligations.

(f) All the agreements, representations and warranties made by each party hereto in this Subscription Agreement shall survive the Closing.

(g) The Issuer may request from Subscriber such additional information as the Issuer may reasonably deem necessary to evaluate the eligibility of Subscriber to acquire the Subscribed Shares and to register the Underlying Shares (if any) for resale, and Subscriber shall promptly provide such information as may be reasonably requested. Subscriber acknowledges that the Issuer may file a copy of a form of this Subscription Agreement with the Commission as an exhibit to a periodic report of the Issuer or a registration statement of the Issuer.

(h) This Subscription Agreement may not be amended, modified or waived except by an instrument in writing signed by each of the parties hereto.

(i) This Subscription Agreement and its appendices and exhibits constitute the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof.

(j) Except as otherwise provided herein, this Subscription Agreement is intended for the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person. Except as set forth in Section 9(b), Section 9(c) and this Section 9(j) with respect to the persons specifically referenced therein, this Subscription Agreement shall not confer any rights or remedies upon any person other than the parties hereto, and their respective successor and assigns, and the parties hereto acknowledge that such persons so referenced are third party beneficiaries of this Subscription Agreement for the purposes of, and to the extent of, the rights granted to them, if any, pursuant to the applicable provisions.

(k) The parties hereto acknowledge and agree that (i) this Subscription Agreement is being entered into in order to induce the Issuer to execute and deliver the Transaction Agreement and (ii) irreparable damage would occur in the event that any of the provisions of this Subscription Agreement were not performed in accordance with their specific terms or were otherwise breached and that money or other legal remedies would not be an adequate remedy for such damage. It is accordingly agreed that the parties shall be entitled to equitable relief, including in the form of an injunction or injunctions to prevent breaches or threatened breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement, this being in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise. The parties hereto acknowledge and agree that the Issuer shall be entitled to seek specific enforcement of the Subscriber's obligations to fund the Purchase Price and the provisions of the Subscription Agreement, in each case, on the terms and subject to the conditions set forth herein. The parties hereto further acknowledge and agree: (x) to waive any requirement for the security or posting of any bond in connection with any such equitable remedy; (y) not to assert that a remedy of specific enforcement pursuant to this Section 9(k) is unenforceable, invalid, contrary to applicable law or inequitable for any reason; and (z) to waive any defenses in any action for specific performance, including the defense that a remedy at law would be adequate.

(l) In any dispute arising out of or related to this Subscription Agreement, or any other agreement, document, instrument or certificate contemplated hereby, or any transactions contemplated hereby or thereby, the applicable adjudicating body shall award to the prevailing party, if any, the documented out-of-pocket costs and attorneys' fees reasonably incurred by the prevailing party in connection with the dispute and the enforcement of its rights under this Subscription Agreement or any other agreement, document, instrument or certificate contemplated hereby and, if the adjudicating body determines a party to be the prevailing party under circumstances where the prevailing party won on some but not all of the claims and counterclaims, the adjudicating body may award the prevailing party an appropriate percentage of the documented out-of-pocket costs and attorneys' fees reasonably incurred by the prevailing party in connection with the adjudication and the enforcement of its rights under this Subscription Agreement or any other agreement, document, instrument or certificate contemplated hereby or thereby.

(m) If any provision of this Subscription Agreement or the application of any such provision to any person, entity or circumstance shall be held to be prohibited by or invalid, illegal or unenforceable under applicable law in any respect by a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity, illegality or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Subscription Agreement.

(n) No failure or delay by a party hereto in exercising any right, power or remedy under this Subscription Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of such party. No single or partial exercise of any right, power or remedy under this Subscription Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Subscription Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(o) This Subscription Agreement may be executed and delivered in one or more counterparts and by fax, email or other electronic transmission, each of which shall be deemed an original and all of which shall be considered one and the same agreement. No party shall raise the use of a fax machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a fax machine or email as a defense to the formation or enforceability of a contract and each party forever waives any such defense.

(p) This Subscription Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the principles of conflicts of laws that would otherwise require the application of the law of any other state.

(q) **EACH PARTY AND ANY PERSON ASSERTING RIGHTS AS A THIRD-PARTY BENEFICIARY HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS SUBSCRIPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS SUBSCRIPTION AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS SUBSCRIPTION AGREEMENT.**

(r) The parties agree that all disputes, legal actions, suits and proceedings arising out of or relating to this Subscription Agreement must be brought exclusively in the United States District Court for the Southern District of New York, the Supreme Court of the State of New York and the federal or state appellate courts located in the State of New York (collectively the "Designated Courts"). Each party hereby consents and submits to the exclusive jurisdiction of the Designated Courts. No legal action, suit or proceeding with respect to this Subscription Agreement may be brought in any other forum. Each party hereby irrevocably waives all claims of immunity from jurisdiction, and any objection which such party may now or hereafter have to the laying of venue of any suit, action or proceeding in any Designated Court, including any right to object on the basis that any dispute, action, suit or proceeding brought in the Designated Courts has been brought in an improper or inconvenient forum or venue. Each of the parties also agrees that delivery of any process, summons, notice or document to a party hereof in compliance with Section 9(a) of this Subscription Agreement shall be effective service of process for any action, suit or proceeding in a Designated Court with respect to any matters to which the parties have submitted to jurisdiction as set forth above.

(s) This Subscription Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Subscription Agreement, or the negotiation, execution or performance of this Subscription Agreement, may only be brought against the entities that are expressly named as parties or third party beneficiaries hereto and then only with respect to the specific obligations set forth herein with respect to such party or third party beneficiary. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, affiliate, agent, attorney or other representative of any party hereto or of any affiliate of any party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any party hereto under this Subscription Agreement or for any claim, action, suit or other legal proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(t) The obligations of Subscriber under this Subscription Agreement are several and not joint with the obligations of any Other Subscriber or any other investor under the Other Subscription Agreements, and Subscriber shall not be responsible in any way for the performance of the obligations of any Other Subscriber under this Subscription Agreement or any Other Subscriber or other investor under the Other Subscription Agreements. The decision of Subscriber to purchase the Subscribed Shares and the Underlying Shares (if any) pursuant to this Subscription Agreement has been made by Subscriber independently of any Other Subscriber or any other investor and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Issuer or any of its respective subsidiaries which may have been made or given by any Other Subscriber or investor or by any agent or employee of any Other Subscriber or investor, and neither Subscriber nor any of its agents or employees shall have any liability to any Other Subscriber or investor (or any other person) relating to or arising from any such information, materials, statements or opinions. Nothing contained herein or in any Other Subscription Agreement, and no action taken by Subscriber or investor pursuant hereto or thereto, shall be deemed to constitute Subscriber and Other Subscribers or other investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that Subscriber and Other Subscribers or other investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Subscription Agreement and the Other Subscription Agreements. Subscriber acknowledges that no Other Subscriber has acted as agent for Subscriber in connection with making its investment hereunder and no Other Subscriber will be acting as agent of Subscriber in connection with monitoring its investment in the Subscribed Shares and the Underlying Shares (if any) or enforcing its rights under this Subscription Agreement. Subscriber shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Subscription Agreement, and it shall not be necessary for any Other Subscriber or investor to be joined as an additional party in any proceeding for such purpose.

[Signature pages follow.]

IN WITNESS WHEREOF, each of the Issuer and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authozied representative as of the date first set forth above.

For and on behalf of

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

Name: Haimei Wu
Title:Chairwoman and Chief Executive Officer
Address for Notices:
Room 202, 2/F, Baide Building, Building 11, No. 15

Rongtong Street, Yuexiu District, Guangzhou
Attn: Quan Qiu
Email: Qiuquan@baidemed.com

SUBSCRIBER:

GRAND FORTUNE CAPITAL, LLC

Name: Tom Shih

Title: Manager

Address for Notices:

660 Newport Center Drive, Suite 1250
Newport Beach, CA 92660
Attn: Tom Shih, Manager
Email: TShih@paperexcellence.com

Name in which shares are to be registered:

GRAND FORTUNE CAPITAL, LLC

with a copy (not to constitute notice) to:

YI-CHIN HO
660 Newport Center Drive, Suite 1250
Newport Beach, CA 92660
Email: YiChin.Ho@neo-mei.com

Number for Subscribed Shares:	290,000.00
Purchase Price:	$ 2,900,000.00

You must pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account of the Issuer specified by the Issuer in the Closing Notice.

[Signature page to the Subscription Agreement]

ANNEX A

SUMMARY OF KEY TERMS OF THE PREFERRED SHARES

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Subscription Agreement to which this Term Sheet is attached.

Issuer:	Baird Medical Investment Holdings Limited, a Cayman Islands exempted company (the "***Issuer***").
Investor:	Grand Fortune Capital, LLC (the "***Investor***")
Subscription Amount:	$2,900,000
Preferred Shares:	Series A convertible preferred shares of a par value of $0.0001 each
Subscribed Shares:	290,000 Preferred Shares
Issue Price:	$10.00 per share
No Voting Rights:	The Preferred Shares shall not have any voting rights.
Use of Proceeds:	Proceeds from the sale of the Subscribe Shares will be used to finance the de-SPAC transaction by and among others, the Company, Betters Medical Investment Holdings Limited, Tycoon Choice Global Limited, and ExcelFin Acquisition Corporation, including but not limited to the payment for costs and expenses related to the de-SPAC transaction.
Dividend Rate:	7% per annum, payable in cash annually within 30 days from the issuance of annual audit report by the Issuer, *provided that*, such dividends shall be payable by the Issuer only if the Issuer's reported EBITDA for such year is higher than the dividends so calculated. If the Issuer'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.
Conversion Price:	On or before the two (2) year anniversary from the date of the Closing Date (the "***Conversion Outside Date***"), the holder of Preferred Shares shall have the right, by written notice to the Issuer, to convert the Preferred Shares into ordinary shares of the Company of a par value of $0.0001 each (the "***Ordinary Shares***") calculated by dividing the subscription price of the Preferred Shares held by such holder (together with accrued but unpaid dividends thereon) by $10.00 (the "***Conversion Price***"). For the avoidance of doubt, the holder of Preferred Shares may at any time elect to convert all or, from time to time, elect to convert a portion of the Preferred Shares into the Ordinary Shares at the Conversion Price.
Issuer Redemption:	If holder of the Preferred Shares chooses not to or fails to elect to convert the Preferred Shares to Ordinary Shares upon the Conversion Outside Date, the Issuer shall choose to either (i) redeem the outstanding Preferred Shares at a price equal to the accrued but unpaid dividends of such Preferred Shares and 110% of the subscription price of such Preferred Shares in cash (the "***Redemption Consideration***"), or (ii) to issue such number of Ordinary Shares of the Issuer as calculated by dividing the Redemption Consideration by the lower of: (x) the Conversion Price, and (y) the volume-weighted average price of the Issuer during the 20 trading day period before the Conversion Outside Date.

Redemption at Option of Issuer:	The Issuer may choose to repurchase for cash all or, from time to time, a portion of the Preferred Shares at any time after the Closing Date, at a price equal to 110% of the subscription price of such Preferred Shares (together with accrued but unpaid dividends thereon) in cash.
Right of First Refusal:	Each holder of Preferred Shares shall have the right of first refusal to any future issuance by the Issuer of equity securities on a pro rata basis.
Ranking:	The Issuer shall not issue any equity securities that are senior than the Preferred Shares and shall not incur any financial indebtedness other than in the ordinary course of business, in each case, before the Conversion Outside Date without the written approval from the holders holding majority of Preferred Shares, except where such financing is to be used to redeem all but not a portion of the Preferred Shares in cash.
Fees / Expenses:	The Investor and the Issuer agree to bear their own respective legal, accounting, and other professional fees and expenses incurred in connection with the Subscription Agreement and the transactions contemplated hereby.
Governing Law:	New York

ANNEX B

ACCREDITED INVESTOR QUESTIONNAIRE

Capitalized terms used and not defined in this Annex B shall have the meanings given in the Subscription Agreement to which this Annex B is attached.

The undersigned represents and warrants that the undersigned is an "institutional account" as such term is defined in FINRA Rule 4512(c).

The undersigned represents and warrants that the undersigned is an "accredited investor" as such term is defined in Rule 501(a) (1), (2), (3), (7) or (9) of Regulation D under the U.S. Securities Act of 1933, as amended (the "Securities Act"), for *one or more* of the reasons specified below (please check all boxes that apply):

☐ (i) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity;

☐ (ii) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act");

☐ (iii) An investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 (the "Investment Advisers Act") or registered pursuant to the laws of a state, or an investment adviser relying on the exemption from registering with the Commission under the section 203(l) or (m) of the Investment Advisers Act;

☐ (iv) An insurance company as defined in section 2(13) of the Exchange Act;

☐ (v) An investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act;

☐ (vi) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ (vii) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state, or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

☐ (viii) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ (ix) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ (x) An organization described in Section 501(c)(3) of the Internal Revenue Code, or a corporation, business trust, partnership, or limited liability company, or any other entity not formed for the specific purpose of acquiring the securities, with total assets in excess of $5,000,000;

☐ (xi) A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Issuer;

☒ (xii) an entity in which all of the equity owners are "accredited investors";

☐ (xiii) An entity, of a type not listed in any of the foregoing paragraphs, not formed for the specific purpose of acquiring the securities and owning investments in excess of $5,000,000; and/or

☐ (xiv) The Subscriber does not qualify under any of the investor categories set forth in (i) through (xiii) above.

2.1 Type of the Subscriber. Indicate the form of entity of the Subscriber:

☐	Limited Partnership	☐	Corporation
☐	General Partnership	☐	Revocable Trust
☐	Other Type of Trust (indicate type):		_____
☒	Other (indicate form of organization):		Limited Liability Company

Subscriber:

Subscriber Name: GRAND FORTUNE CAPITAL, LLC

By: _____
Signatory Name: Tom Shih Signatory
Title: Manager

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Baird Medical Investment Holdings Limited on Form F-1 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 "Experts" in such Prospectus.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP
New York, NY
November 14, 2024

Exhibit 23.2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Baird Medical Investment Holdings Limited on Form F-1 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 Prospectus, which is part of this Registration Statement. 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 "Experts" in such Prospectus.

/s/ Marcum LLP

Marcum LLP
Hartford, CT
November 14, 2024

Exhibit 99.1

CODE OF BUSINESS CONDUCT AND ETHICS
OF
BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

1 Introduction

The Board of Directors (the "**Board**") of Baird Medical Investment Holdings Limited, a Cayman Islands exempted company (the "**Company**"), has adopted this Code of Business Conduct and Ethics (this "**Code**"), as amended from time to time by the Board and which is applicable to all of the Company's directors, officers, employees, contractors and consultants. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, the Company adheres to these higher standards.

This Code applies to all of our directors, officers, employees, contractors and consultants. We refer to all Company executive and subordinate officers, employees, contractors and consultants covered by this Code as "Company employees" or simply "employees," unless the context otherwise requires. In this Code, we refer to our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, as our "principal financial officers."

This Code is intended to supplement, and not replace, the various guidelines and documents that the Company has prepared on specific laws, rules, regulations and policies that all officers, directors and employees of the Company should be aware of, such as the Insider Trading Policy and Whistleblower Policy.

It is the Company's policy that all Company directors, officers and employees:

- promote honest and ethical conduct, including fair dealing and the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote the full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the "**SEC**"), as well as in other public communications made by or on behalf of the Company;
- promote compliance with applicable governmental laws, rules and regulations;
- protect the Company's legitimate business interests, including corporate opportunities, assets and confidential information;
- deter wrongdoing; and
- require prompt internal reporting of breaches of, and accountability for adherence to, this Code.

This Code may be amended and modified by the Board.

2 Honest, Ethical and Fair Conduct

Each person subject to this Code owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest, fair and ethical. Deceit, dishonesty and subordination of principle are inconsistent with integrity. Service to the Company should never be subordinated to personal gain or advantage.

Each person subject to this Code must:

- act with integrity, including being honest and ethical while still maintaining the confidentiality of the Company's information where required or when in the Company's interests;

- observe all applicable governmental laws, rules and regulations;

- comply with the requirements of applicable accounting and auditing standards, as well as Company policies, in order to maintain a high standard of accuracy and completeness in the Company's financial records and other business-related information and data;

- adhere to a high standard of business ethics and not seek competitive advantage through unlawful or unethical business practices;

- deal fairly with the Company's customers, suppliers, competitors and employees;

- refrain from taking advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice;

- protect the assets of the Company and ensure their proper use;

- until such time as such person ceases to be an officer or director of the Company, to first present to the Company for its consideration, prior to presentation to any other entity, any business opportunity suitable for the Company, subject to any pre-existing fiduciary or contractual obligations such officer may have or as otherwise set forth in the prospectus related to the Company's initial public offering; and

- avoid conflicts of interest, wherever possible, except as may be allowed under guidelines or resolutions approved by the Board (or the appropriate committee of the Board) or as disclosed in the Company's public filings with the SEC.

A conflict of interest can arise whenever an officer, director or employee has a personal or professional interest that prevents or interferes with (or appears to interfere with) that person from performing his or her Company duties and responsibilities honestly, objectively and effectively. Anything that would be a conflict for a person subject to this Code also will be a conflict for that person's family members. For purposes of this Code, "family members" includes your spouse or life-partner, siblings, parents, aunts, uncles, nieces, nephews, cousins, in-laws and children whether such relationships are by blood or adoption. Examples of conflict-of-interest situations include, but are not limited to, the following:

- any significant ownership interest in any supplier or customer;

- any consulting or employment relationship with any supplier, customer or competitor of the Company;

- serving on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company;

- the receipt of any money, non-nominal gifts or excessive entertainment from any entity with which the Company has current or prospective business dealings;

- selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable officers or directors are permitted to so purchase or sell;

- any other financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) involving the Company; and

- any other circumstance, event, relationship or situation in which the personal interest of a person subject to this Code interferes — or even appears to interfere — with the interests of the Company as a whole.

3 Corporate Opportunities

As an officer, director or employee of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises. If you discover or are presented with a corporate opportunity through the use of corporate property or information or because of your position with the Company, you should first present the corporate opportunity to the Company before pursuing the opportunity in your individual capacity. No officer, director or employee may use corporate property, information or his or her position with the Company for personal gain or compete with the Company while employed by or associated with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Company's compliance officer (the "Compliance Officer") and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

4 Confidential Information

Officers, directors and employees have access to a variety of confidential information regarding the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its counterparties, collaborators, customers or suppliers. Officers, directors and employees have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, officers, directors and employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees and directors who have a need to know such information to perform their responsibilities for the Company. An officer's, director's and employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its counterparties, collaborators, customers or suppliers and could result in legal liability to you and the Company. Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Company's Chief Executive Officer.

5 Competition and Fair Dealing

Officers, directors and employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice. Officers, directors and employees should maintain and protect any intellectual property licensed from licensors with the same care as they employ with regard to Company-developed intellectual property.

6 Disclosure

The Company strives to ensure that the contents of and the disclosures in the reports and documents that the Company files with the SEC and other public communications are full, fair, accurate, timely and understandable in accordance with applicable disclosure standards, including standards of materiality, where appropriate. Each person subject to this Code must:

- not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent registered public accountants, governmental regulators, self-regulating organizations and other governmental officials, as appropriate; and

- in relation to his or her area of responsibility, properly review and critically analyze proposed disclosure for accuracy and completeness.

In addition to the foregoing, the Chief Executive Officer and Chief Financial Officer of the Company (or persons performing similar functions), and each other person that typically is involved in the financial reporting of the Company must familiarize himself or herself with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company.

Each person must promptly bring to the attention of the Chairman of the Board any information he or she may have concerning (a) significant deficiencies in the design or operation of internal and/or disclosure controls that could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

7 Compliance

It is the Company's obligation and policy to comply with all applicable governmental laws, rules and regulations. All directors, officers and employees of the Company are expected to understand, respect and comply with all of the laws, regulations, policies and procedures that apply to them in their positions with the Company. Employees are responsible for talking to their supervisors to determine which laws, regulations and Company policies apply to their position and what training is necessary to understand and comply with them.

Directors, officers and employees are directed to specific policies and procedures available to persons they supervise.

8 Protection and Use of Company Assets

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only and not for any personal benefit or the personal benefit of anyone else. Theft, carelessness and waste have a direct impact on the Company's financial performance. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited. Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. Employees may not copy, retrieve, modify or forward copyrighted materials, except with permission or as a single copy to reference only. Transmission of customer information should be encrypted as applicable. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

9 Reporting and Accountability

The Board is responsible for applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation. The Company requires that officers, directors and employees disclose any situation that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a situation that could give rise to a conflict of interest, you must report it in writing to the Chairman of the Board. Any person who becomes aware of any existing or potential breach of this Code is required to notify the Chairman of the Board promptly. Failure to do so is, in and of itself, a breach of this Code.

Specifically, each person subject to this Code must:

- Notify the Chairman of the Board promptly of any existing or potential violation of this Code; and
- Not retaliate against any other person for reports of potential violations that are made in good faith.

The Company will follow the following procedures in investigating and enforcing this Code and in reporting on the Code:

- The Board will take all appropriate action to investigate any breaches reported to it.
- Upon determination by the Board that a breach has occurred, the Board (by majority decision) will take or authorize such disciplinary or preventive action as it deems appropriate, after consultation with the Company's General Counsel (or outside counsel), up to and including dismissal or, in the event of criminal or other serious violations of law, notification of the SEC or other appropriate law enforcement authorities.

No person following the above procedure shall, as a result of following such procedure, be subject by the Company or any officer or employee thereof to discharge, demotion suspension, threat, harassment or, in any manner, discrimination against such person in terms and conditions of employment.

It is Company policy that any officer, director or employee who violates this Code will be subject to appropriate discipline, which may include termination of employment or, in the case of a director, a request that such director resign from the Board. This determination will be based upon the facts and circumstances of each particular situation. If you are accused of violating this Code, you will be given an opportunity to present your version of the events at issue prior to any determination of appropriate discipline, if any. Officers, directors and employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and may incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if such conduct does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

10 Policy Against Retaliation

The Company prohibits retaliation against an officer, director or employee who, in good faith, seeks help or reports known or suspected violations of this Policy. If an officer, director or employee believes that they have been retaliated against, he or she should speak with the Human Resources Director. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

11 Waivers and Amendments

Any waiver (defined below) or implicit waiver (defined below) of a provision of this Code in favor of the principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions or any amendment (as defined below) to this Code is required to be disclosed in a current report on Form 8-K filed with the SEC. In lieu of filing a current report on Form 8-K to report any such waivers or amendments, the Company may provide such information on its website within four business days following the date of the amendment or waiver, provided that it keeps such information on its website for at least 12 months and discloses the website address, as well as any intention to provide such disclosures in this manner, in its most recently filed Annual Report on Form 10-K.

A "waiver" means the approval by the Company's Board of a material departure from a provision of this Code. An "implicit waiver" means the Company's failure to take action within a reasonable period of time regarding a material departure from a provision of this Code that has been made known to an executive officer of the Company. An "amendment" means any amendment to this Code other than minor technical, administrative or other non-substantive amendments hereto.

12 Insider Information and Securities Trading

The Company's directors, officers and employees who have access to material, non-public information are not permitted to use that information for share trading purposes or for any purpose unrelated to the Company's business. They are also not permitted, and it is against the law, to trade or to "tip" others who might make an investment decision based on inside Company information. For example, using non-public information to buy or sell Company shares, options in Company shares or the shares of any Company supplier, customer or competitor is prohibited. The consequences of insider trading violations can be severe. These rules also apply to the use of material, nonpublic information about other companies (including, for example, our customers, competitors and potential business partners). In addition to directors, officers and employees, these rules apply to such person's spouse, children, parents and siblings, as well as any other family members living in such person's home. All of the Company's directors, officers and employees must familiarize themselves with the Company's Insider Trading Policy.

13 Financial Statements and Other Records

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must both conform to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation. All Company records must be complete, accurate and reliable in all material respects.

Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the board of directors or the Company's counsel.

14 Improper Influence on Conduct of Audits

No director or officer, or any other person acting under the direction thereof, shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any public or certified public accountant engaged in the performance of an audit or review of the financial statements of the Company or take any action that such person knows or should know could result in rendering the Company's financial statements materially misleading. Any person who believes such improper influence is being exerted should report such action to such person's supervisor, or if that is impractical under the circumstances, to any of our directors.

Types of conduct that could constitute improper influence include, but are not limited to, directly or indirectly:

- Offering or paying bribes or other financial incentives, including future employment or contracts for non-audit services;
- Providing an auditor with an inaccurate or misleading legal analysis;
- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the Company's accounting;

- Seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting;
- Blackmailing; and
- Making physical threats.

15 Anti-Corruption Laws

The Company complies with the anti-corruption laws of the countries in which it does business, including the U.S. Foreign Corrupt Practices Act, as amended. In compliance with such laws, the Company does not give anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. The Company does not promise, offer or deliver to any foreign or domestic government employee or official or any third party any gift, favor or other gratuity that would be illegal. All allegations of corruption will be taken seriously and thoroughly investigated, with violations resulting in discipline up to and including termination.

This anti-corruption policy applies to all directors, officers and employees. Such persons will not directly or indirectly give anything of value to government officials, including employees of state-owned enterprises or foreign political candidates. These requirements apply to both Company employees and agents, such as third-party sales representatives, no matter where they are doing business. If you are authorized to engage agents, you are responsible for ensuring they are reputable and for obtaining a written agreement to uphold the Company's standards in this area.

16 Violations

All directors, officers and employees have a duty to report any known or suspected violation of this Code, including violations of the laws, rules, regulations or policies that apply to the Company. Violation of this Code is grounds for disciplinary action up to and including termination of employment. Such action is in addition to any civil or criminal liability which might be imposed by any court or regulatory agency.

17 Gifts and Entertainment

The giving and receiving of gifts can be a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. Gifts and entertainment, however, should not compromise, or appear to compromise, your ability to make objective and fair business decisions. In addition, it is important to note that the giving and receiving of gifts are subject to a variety of laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering the marketing of products, bribery and kickbacks. You are expected to understand and comply with all laws, rules and regulations that apply to activities you engage in when acting on the Company's behalf.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from collaborators, customers or suppliers only if the gift or entertainment is infrequent, modest, intended to further legitimate business goals, in compliance with applicable law, and would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports.

If you conduct business in other countries, you must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or a principal financial officer for additional guidance.

Note: Under no circumstances may gifts and entertainment be offered to or exchanged with any employees of the United States or any foreign government or state, city, provincial or local governments. If you have any questions about this policy, contact your supervisor or the Compliance Officer for additional guidance.

18 Other Policies and Procedures

Any other policy or procedure set out by the Company in writing or made generally known to employees, officers or directors of the Company prior to the date hereof or hereafter are separate requirements and remain in full force and effect.

19 Inquiries

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether such situation is consistent with the Company's ethical standards, seek the advice of your supervisor or the Company's Compliance Officer. All inquiries and questions in relation to this Code or its applicability to particular people or situations should be addressed to the Company's Secretary, or such other compliance officer as shall be designated from time to time by the Company.

20 Conclusion

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer. The Company expects all of its employees, officers and directors to adhere to these standards.

This Code, as applied to the Company's principal financial officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

PROVISIONS FOR CHIEF EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS

The Chief Executive Officer and all senior financial officers, including the Chief Financial Officer and principal accounting officer, are bound by the provisions set forth in the Code of Business Conduct and Ethics (the "**Code**") relating to ethical conduct, conflicts of interest, and compliance with law. In addition to the Code, the Chief Executive Officer and senior financial officers are subject to the following specific policies:

1. Act with honesty and integrity, avoiding actual or apparent conflicts between personal, private interests and the interests of the Company, including receiving improper personal benefits as a result of his or her position.

2. Disclose to the Board (and the Chief Executive Officer in the case of a senior financial officer) any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

3. Perform responsibilities with a view to causing periodic reports and documents filed with or submitted to the SEC and all other public communications made by the Company to contain information that is accurate, complete, fair, objective, relevant, timely and understandable, including full review of all annual and quarterly reports.

4. Comply with laws, rules and regulations of federal, state and local governments applicable to the Company and with the rules and regulations of private and public regulatory agencies having jurisdiction over the Company.

5. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting or omitting material facts or allowing independent judgment to be compromised or subordinated.

6. Respect the confidentiality of information acquired in the course of performance of his or her responsibilities except when authorized or otherwise legally obligated to disclose any such information; do not use confidential information acquired in the course of performing his or her responsibilities for personal advantage.

7. Share knowledge and maintain skills important and relevant to the needs of the Company, its shareholders and other constituencies and the general public.

8. Proactively promote ethical behavior among subordinates and peers in his or her work environment and community.

9. Use and control all corporate assets and resources employed by or entrusted to him or her in a responsible manner.

10. Do not use corporate information, corporate assets, corporate opportunities or his or her position with the Company for personal gain; do not compete directly or indirectly with the Company.

11. Comply in all respects with the Company's Code.

12. Advance the Company's legitimate interests when the opportunity arises.

The Board will investigate any reported violations and will oversee an appropriate response, including corrective action and preventative measures. Any officer who violates this Code will face appropriate, case-specific disciplinary action, which may include demotion or discharge.

Any request for a waiver of any provision of this Code must be in writing and addressed to the Chairman of the Board. Any waiver of this Code will be disclosed promptly on Form 8-K or by any other means approved by the SEC.

It is the policy of the Company that each officer covered by this Code shall acknowledge and certify to the foregoing annually and file a copy of such certification with the Chairman of the Board of Directors.

ACKNOWLEDGEMENT

I have read and understand the foregoing Code. I hereby certify that I am in compliance with the foregoing Code, and I will comply with the Code in the future. I understand that any violation of the Code will subject me to appropriate disciplinary action, which may include demotion or discharge.

Dated: _____

Name: _____

Signature: _____

Title: _____

Exhibit 107

Calculation of Filing Fee Tables

Form F-1
(Form Type)

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered Securities

Security Type	Security Class Title[1]	Fee Calculation Rule	Amount Registered[1]	Proposed Maximum Offering Price Per Share	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee
Primary Offering							
Equity	Ordinary Shares, par value $0.0001 per share	457(g)	11,500,000[2]	$ 11.50[3]	$ 132,250,000.00	$ 0.00015310	$ 20,247.475
Secondary Offering							
Equity	Ordinary Shares, par value $0.0001 per share	457(c)	33,832,033[4]	$ 3.03[5]	$ 102,511,059.99	$ 0.00015310	$ 15,694.443
	Total Offering Amounts		45,332,033		$ 234,761,059.99		$ 35,941.918
	Total Fee Offsets						$ —
	Total Fees Previously Paid						$ —
	Net Fee Due						$ 35,941.918

(1) Pursuant to Rule 416(a), there are also being registered an indeterminable number of additional securities as may be issued to prevent dilution resulting from share subdivisions, share dividends or similar transactions.

(2) Represents 11,500,000 Ordinary Shares to be issued by the Registrant upon exercise of the Warrants.

(3) Calculated pursuant to Rule 457(g) under the Securities Act, based on the exercise price of the Warrants.

(4) Represent 33,832,033 Ordinary Shares registered for resale by the Selling Securityholders identified in the Registration Statement.

(5) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) of the Securities Act of 1933, as amended (the "Securities Act"), based on the average of the high and low prices of Ordinary Share as reported on November 8, 2024, which was approximately $3.03 per share.