As filed with the Securities and Exchange Commission on June 10, 2024.

Registration No. 333-276802

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

XCHG Limited

(Exact name of Registrant as specified in its charter)

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

Cayman Islands	**3612**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

XCharge Europe GmbH, Hamburg-Mitte
Grevenweg 24, 20537 Hamburg, Germany
+49 4057128593
No. 12 Shuang Yang Road, Da Xing District, Beijing
People's Republic of China, 100023
010-57215988
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Cogency Global Inc.
122 East 42nd Street, 18th Floor
New York, NY 10168
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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1 Jian Guo Men Wai Avenue	**Club Building**	**Square**
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China	**+852 2533-3300**	**+852 2912 2500**
+86 10 8567 5000		

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

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, 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 that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the United States Securities and Exchange Commission, acting pursuant to such 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.

Subject to Completion
Preliminary Prospectus Dated , 2024

American Depositary Shares

XCHG Limited

Representing Class A Ordinary Shares

This is an initial public offering of the American depositary shares, or the ADSs, representing Class A ordinary shares of XCHG Limited. We are offering a total of ADSs, each representing 20 of our Class A ordinary shares, par value US$0.00001 per share. The underwriters may also purchase up to Class A ordinary shares within 30 days to cover over-allotments, if any.

Prior to this offering, there has been no public market for the ADSs representing our Class A ordinary shares. We expect the initial public offering price will be between US$ and US$ per ADS. We intend to apply to list the ADSs representing our Class A ordinary shares on the Nasdaq Stock Market (the "Nasdaq") under the symbol "XCH."

Following the completion of this offering, our issued and outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Mr. Yifei Hou, our director and chief executive officer, and Mr. Rui Ding, our chairman and chief technology officer, will beneficially own all of our issued Class B ordinary shares and will collectively be able to exercise % of the total voting power of our issued and outstanding share capital immediately following the completion of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any non-affiliate to such holder,each of such Class B ordinary share will be automatically and immediately converted into one Class A ordinary share. See "Description of Share Capital."

Investors in the ADSs are not purchasing equity securities of our subsidiaries that have substantive business operations but instead are purchasing equity securities of a Cayman Islands company. XCHG Limited is a Cayman Islands company with no substantial operations on its own. XCHG Limited conducts all of its operations through its subsidiaries in Germany and in China.

We face various legal and operational risks and uncertainties related to having a considerable portion of our operations in China. The PRC government has significant authority to exert influence on the ability of a China-based company to conduct its business, accept foreign investments or list on a U.S. or other foreign exchanges. For example, we face risks associated with regulatory approvals of offshore offerings, anti-monopoly regulatory actions, oversight on cybersecurity and data privacy. Such risks could result in a material impact on our operations and/or the value of the ADSs or could significantly limit or completely hinder our ability to offer or continue to offer ADSs and/or other securities to investors and cause the value of such securities to significantly decline or be worthless.

Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act (the "HFCAA") if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years. On December 16, 2021, the Public Company Accounting Oversight Board (the "PCAOB") issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong (the "2021 Determinations"), including our auditor. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022. The PCAOB vacated its previous 2021 Determinations accordingly. As a result, we do not expect to be identified as a "Commission-Identified Issuer" under the HFCAA after we file our annual report on Form 20-F after becoming a public company. However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations against accounting firms headquartered in mainland China and Hong Kong in the future and states that it has already made plans to resume regular inspections in the future. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in the mainland China and Hong Kong. The possibility of being a "Commission-Identified Issuer" and risk of delisting could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited. For details, see "Risk Factors — Risks Related to Regulations — The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect and investigate completely auditors located in China. The prohibition from trading the ADSs, or the threat of their being prohibited from trading, may cause the value of the ADSs to significantly decline or be worthless."

The PRC government has oversight over the conduct of our business. The PRC government may in the future release regulations or policies regarding our industry that could materially affect our business, financial condition, results of operations and prospects. Furthermore, the PRC government has recently promulgated laws and regulations that may result in more oversight and control over overseas securities offerings and other capital markets activities and foreign investment in China-based companies. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

Cash may be transferred among XCHG Limited and our subsidiaries in the following manner: (i) funds may be transferred to our subsidiaries from the company as needed in the form of capital contributions or shareholder loans through the intermediary holding companies, as the case may be; and (ii) dividends or other distributions may be paid by our subsidiaries to the company directly or through intermediary holding companies, as the case may be. Our operating subsidiaries generate and retain cash generated from operating activities and re-invest it in our business. In the future, the company's ability to pay dividends, if any, to its shareholders and ADS holders and to service any debt it may incur will depend upon dividends paid by our subsidiaries. As of the date of this prospectus, we do not have cash management policies and procedures in place that dictate how funds are transferred through our organization.

We may engage in intra-group loans and transactions among the entities within our Group from time to time. In 2023, XCHG Limited provided loans of US$350 thousand in total to one of our subsidiaries for fund support. Other than that and the cash transfers within our Group in connection with the Restructuring (as defined herein), as of the date of this prospectus, XCHG Limited has not transferred any cash proceeds or other assets to any of our subsidiaries. See "Corporate History and Structure — Restructuring" for details of the cash transfers. Other than the Restructuring, none of our subsidiaries have issued any dividends or distributions to their respective holding companies, including the company, nor have we issued any dividends or distributions to any investors of the company, as of the date of this prospectus. As of the date of this prospectus, other than the US$350 thousand loans to one of our subsidiaries, there is no outstanding balance of loans between the company and another entity within the Group under applicable agreements. We do not expect to pay dividends in the foreseeable future. In the future, cash proceeds raised from financing activities, including this offering, may be transferred by us through intermediary holding companies to our subsidiaries via capital contribution and shareholder loans, as the case may be, to meet the capital needs of our business operations. For details, see "Regulation — PRC — Regulations Relating to Foreign Exchange and Dividend Distribution — Regulations on Dividend Distributions," "Risk Factors — Risks Related to Regulations — Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment," "Risk Factors — Risks Related to Regulations — PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us. We also face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies," and "Risk Factors — Risks Related to the ADSs and This Offering — Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment."

We are an "emerging growth company" under applicable U.S. federal securities laws and will be subject to reduced public company reporting requirements. Investing in the ADSs involves risks. See "Risk Factors" beginning on page 17 of this prospectus.

Neither the United States Securities and Exchange Commission nor any state securities commission 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.

	Per ADS	Total
Initial public offering price	US$	US$
Underwriting discounts and commissions[(1)]	US$	US$
Proceeds, before expenses, to us	US$	US$

(1) For a description of the compensation payable to the underwriters, see "Underwriting."

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on , 2024.

Deutsche Bank **Huatai Securities**

Tiger Brokers

The date of this prospectus is , 2024.


XCHARGE
XCHARGE
Energy for the EV Revolution

Global Leader in Integrated EV Charging Solutions

A Leading Supplier
In 2023 European DC fast charger market(1)

1,688
DC Fast Chargers Sold in 2023

131%
Revenue YoY Growth(2)

One of the First
Bi-Directional Battery-Integrated Chargers(3)

Note:
(1) XCHG Limited is a leading supplier in the European DC fast charger market in terms of sales volume in 2023, according to Frost & Sullivan
(2) From audited financials for 2022 and 2023
(3) Net Zero Series ("NZS") is one of the earliest and currently one of the very few commercialized EV chargers designed with a Battery-to-Grid ("B2G") function, according to Frost & Sullivan

Product Offering

C6

C7

NZS

TABLE OF CONTENTS

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to "XCHG Limited" or the "company," "we," "our," "ours," "us" or similar terms refer to XCHG Limited, together with its subsidiaries.

We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. We

take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters have not authorized any other person to provide you with different or additional information. Neither we nor the underwriters are making an offer to sell the ADSs representing our Class A ordinary shares in any jurisdiction where the offer or sale is not permitted. This offering is being made in the United States and elsewhere solely on the basis of the information contained in this prospectus. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs representing our Class A ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

Until , 2024 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade the ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and the related notes appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under "Risk Factors," "Business," and information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding whether to buy the ADSs.

Overview

We offer comprehensive EV charging solutions which primarily include the DC fast chargers named the C6 series and the C7 series, the advanced battery-integrated DC fast chargers which we call Net Zero Series ("NZS"), as well as our accompanying services. Our integrated solution combining proprietary charging technology, energy storage technology and accompanying services significantly improves electric vehicle ("EV") charging efficiency and unlocks the value of energy storage and management. We were a leading high power charger supplier in Europe by sales volume in 2023, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators.

The increasing adoption of EV and renewable energy has brought fundamental changes to the demand and supply of electricity. Not only has electricity demand increased in aggregate, peak demand patterns have also changed. In addition, the intermittent nature of renewable energy generation has led to greater energy supply fluctuation. As a result, there is an imminent need for energy storage solutions to balance electricity demand and supply in order to increase energy utilization and reduce the pressure of grids. According to Frost & Sullivan, the global market size for energy storage by revenue is expected to reach approximately US$170.0 billion by 2028.

As a pioneer in the EV charger industry, we believe EV charging is essentially an energy management business that uses innovative technologies and creative solutions to tackle energy problems. Leveraging our established fast charging technology, as well as our in-house proprietary energy storage system ("ESS") technology, we have pioneered a unique advanced battery-integrated EV charging solution, NZS. NZS chargers integrate DC fast chargers with lithium-ion batteries and our proprietary energy management system, storing power when it is generally more available (for example, during nighttime) and discharging power when the demand is high (for example, during daytime).

Our NZS solution enables fast charging at low power locations or vis-à-vis aged grid infrastructures (which typically are not compatible with fast charging equipment) with no significant site improvements or grid upgrades needed. With the unique "plug-and-play" design, our NZS chargers are easy to install and highly deployable in locations where conventional fast chargers cannot be installed, for example national parks, parking lots or communities with insufficient power capacity. Therefore, we believe that our NZS solution is able to address a larger market, which cannot be reached by conventional fast chargers.

Our NZS solution is one of the earliest and currently one of the very few commercialized EV chargers designed with a Battery-to-Grid ("B2G") function, according to Frost & Sullivan. It enables energy to be purchased during off-peak hours at lower prices, and sold back to the grid during peak hours at higher prices, enabling operators to generate profit even if no vehicle is charging. With this unique feature, our customers can achieve a return even before considering the utilization of the EV charger itself. This increases the overall return on investment ("ROI") for our customers. At the core of our NZS solution is our proprietary energy management system ("EMS"), which automatically optimizes energy supply and usage across the grids, batteries and EVs.

As we pursue the digitalization of EV charging solutions, our proprietary software system aims to provide customers with comprehensive solutions catering to different and evolving needs in the EV era, as well as to offer superior user experience. Our software system features an intuitive user interface, where our customers can monitor and control every key detail of the charging network easily, including real-time safety

monitoring, traffic settings, and data analysis. We offer upgrades to our software system over-the-air ("OTA") to provide more functions and enhance user experience.

Our "charger-as-a-service" business model enables us to achieve highly visible revenue streams from repeated purchases from our blue-chip customers. Complementary to the initial sales of products, we generate recurring revenue from the accompanying services throughout the entire life cycle. As the number of installed chargers grows, we expect recurring revenue to account for an increasing portion of our total revenue. In addition, our NZS solution is expected to create new commercialization opportunities for us. For example, with the B2G function, NZS chargers can sell energy back to the grid during peak hours.

We have formed key customer relationships and partnerships with EV manufacturers, global energy players, charge point operators and EV fleets. With our NZS solution, we can essentially penetrate the areas where conventional fast chargers cannot be installed given the grid constraint. This creates opportunities for us to extend our customer base to a broader group that cannot be reached by conventional fast chargers.

We have established global presence with offices, R&D centers and sales centers in Europe, the Americas and Asia. We currently deploy our solutions primarily in Europe while we also recognize revenue from other regions, including the United States, China, Brazil and Chile. As of December 31, 2023, our R&D team included 70 personnel based in Germany and China. For production, we primarily rely on OEMs to manufacture our products. By using OEMs, we are able to commercialize our products with quality assurance at a higher speed and lower upfront costs. It also gives us greater flexibility to adjust and scale up according to demand. In addition, we plan to construct our manufacturing plant in the United States, which is expected to be ready for manufacture operation by the end of 2024.

In 2021, 2022 and 2023, we recognized revenue on 807, 1,934 and 1,688 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million and US$38.5 million, respectively, and our gross margin was 35.2%, 36.4% and 45.6%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million, and net loss of US$8.1 million in 2021, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, adjusted net income of US$1.8 million and adjusted net income of US$0.8 million, respectively. For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures."

Our Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors.

- Global leader in integrated EV charging solutions;
- Pioneer of battery-integrated charging and energy storage solutions;
- Unique business model of "charger as a service;"
- Proprietary and differentiated technologies;
- Partnership with diversified global blue-chip customers and potential to tap into broader markets; and
- Visionary management team of industry pioneers.

Our Strategies

The key elements of our growth strategy include the following, which we believe would empower us to further achieve superior growth and strengthen our market position:

- Continue to invest in R&D with particular focus on EMS;
- Expand manufacturing capacity in the United States;
- Expand the pool of our business partners to achieve global scale and diversification; and
- Increase adoption of NZS solution and development of new products.

Corporate History and Structure

Corporate History

XCHG Limited (formally known as Xevd Limited) was incorporated in the Cayman Islands on December 16, 2021.

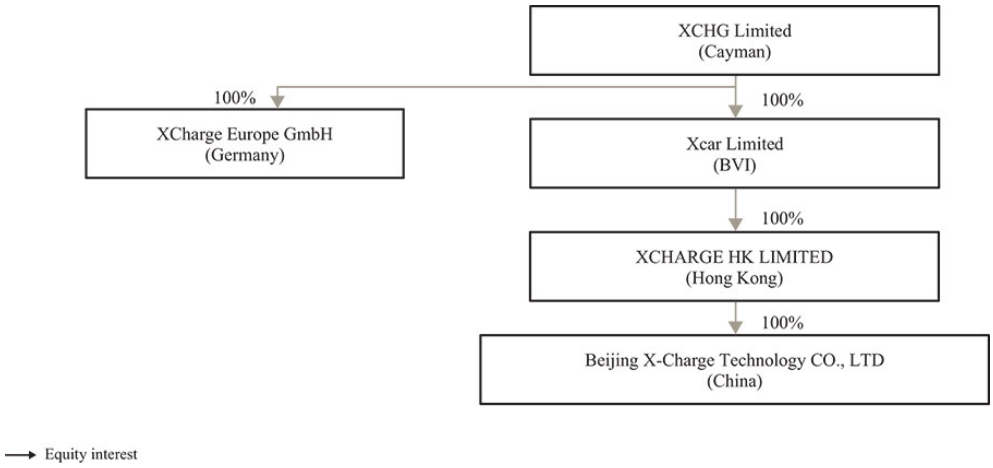
We trace our history back to the founding of X-Charge Technology, a private limited liability company incorporated under the laws of PRC in 2015, which owns 100% equity interests in XCharge Europe prior to the consummation of the Restructuring. XCharge Europe was established in 2018 in Germany. We currently conduct all of our businesses through our subsidiaries.

Restructuring

In connection with this offering, we have completed certain corporate reorganization transactions, including, through a series of intermediary holding companies to acquire 100% of the equity interest in X-Charge Technology, and issue new shares of our company to the beneficial owners of X-Charge Technology (the "Existing Equityholders") or their affiliates, such that an offshore shareholding structure could be established. Upon the consummation of the Restructuring, all Existing Equityholders of X-Charge Technology obtained an equity interest of XCHG Limited in proportion to their respective equity ownership in X-Charge Technology immediately prior to the Restructuring. We refer to such reorganization transactions collectively as the "Restructuring" in this prospectus.

Corporate Structure

The following diagram illustrates our corporate structure, including all of our significant subsidiaries immediately upon the completion of this offering.



Licenses and Approvals

Business Operation

As of the date of this prospectus, we have obtained all material licenses and approvals from relevant regulatory authorities that are material to our operations in China. The following table sets forth a list of material licenses and approvals that our PRC subsidiaries are required to obtain to carry out our operations in China as of the date of this prospectus and none of such licenses and approvals obtained had been denied or rescinded.

License	Entity Holding the License	Status
Import and Export Goods Customs Registration Certificate	X-Charge Technology	Obtained
Import and Export Goods Customs Filing record	Beijing Echarge Technology Co., Ltd.	Obtained

As of the date of this prospectus, we and our subsidiaries have not received any requirement from Chinese authorities to obtain permissions or approvals from the China Securities Regulatory Commission, or the CSRC, or the Cyberspace Administration of China, or the CAC, to conduct our daily business operations in China.

Securities Offering

The Revised Cybersecurity Review Measures provide that an online platform operator, which possesses personal information of at least one million users, must apply for a cybersecurity review by the CAC if it intends to be listed in foreign countries. We do not expect to possess over one million users' personal information prior to the completion of this offering. Based on existing PRC laws and regulations and our communication with the relevant PRC authority, as advised by Fangda Partners, our PRC legal counsel, we do not believe that we are subject to the cybersecurity review by the CAC in connection with this offering. As of the date of this prospectus, we have not been involved in any investigations or become subject to a cybersecurity review initiated by any regulatory authorities based on the Revised Cybersecurity Review Measures, and we have not received any warnings or sanctions in such respect or any regulatory objections to this offering from any regulatory authorities. However, we cannot assure you that the CAC would take the same view as we do, and there is no assurance that we can fully or timely comply with such laws. If we were deemed to be an "operator of critical information infrastructure" or a "data processor" controlling personal information of no less than one million users under the Revised Cybersecurity Review Measures, or if other regulations promulgated in relation to the Revised Cybersecurity Review Measures are deemed to apply to us, our securities offerings in the U.S. could be subject to cybersecurity review by the CAC, in the future. In the event that we are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we face uncertainty as to whether any clearance or other required actions can be completed in a timely fashion or at all, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We are required to perform the filing procedures for this offering to the CSRC under the Overseas Listing Trial Measures. For details, see "Regulation — Regulations Relating to Overseas Listing." We have submitted the relevant filing documents with the CSRC in connection with this offering, and the CSRC published the notification on our completion of the required filing procedures for this offering on December 27, 2023. However, there exist uncertainties regarding whether the interpretation and application of current and future PRC laws will impose additional requirements for permission or approval for this offering. We will continuously perform the required procedures in accordance with the Overseas Listing Trial Measures and monitor our compliance status in accordance with the latest changes in applicable regulatory requirements.

Furthermore, we may be required to obtain additional licenses, permits, filings, registrations or approvals for business operations and securities offerings in the future. If we are found to be in violation of any existing or future laws or regulations, or fail to obtain or maintain any of the required licenses, permits, filings, registrations or approvals, the relevant regulatory authorities would take action in dealing with such violations or failures in accordance with applicable laws and regulations. In addition, if we had inadvertently concluded that such licenses, approvals, permits, registrations or filings were not required, or if applicable laws, regulations or interpretations change in a way that requires us to obtain such licenses, approvals, permits, registrations or filings in the future, we may be unable to obtain such necessary licenses, approvals, permits, registrations or filings in a timely manner, or at all, and such licenses, approvals, permits, registrations or filings may be rescinded even if obtained. Any such circumstance may subject us to fines and other regulatory, civil or criminal liabilities, and we may be ordered by the competent government authorities to suspend relevant operations, which will materially and adversely affect our business operation, our securities offerings and the value of our securities. For risks relating to licenses and approvals required

for business operations in China, see "Risk Factors — Risks Related to Regulations — The approval, filing or other administrative requirements of the China Securities Regulatory Commission or other PRC government authorities may be required in connection with this offering under PRC law. Furthermore, the PRC government has recently promulgated laws and regulations on overseas securities offerings and other capital markets activities and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless."

Transfer of Funds and Other Assets

Cash may be transferred among the XCHG Limited and our subsidiaries in the following manner: (i) funds may be transferred to our subsidiaries from the company as needed in the form of capital contributions or shareholder loans through intermediary holding companies, as the case may be; and (ii) dividends or other distributions may be paid by our subsidiaries to the company directly or through intermediary holding companies, as the case may be. Our operating subsidiaries generate and retain cash generated from operating activities and re-invest it in our business. In the future, the company's ability to pay dividends, if any, to its shareholders and ADS holders and to service any debt it may incur will depend upon dividends paid by our subsidiaries. As of the date of this prospectus, we do not have cash management policies and procedures in place that dictate how funds are transferred through our organization.

We may engage in intra-group loans and transactions among the entities within our Group from time to time. In 2023, XCHG Limited provided loans of US$350 thousand in total to one of our subsidiaries for fund support. Other than that and the cash transfers within our Group in connection with the Restructuring, as of the date of this prospectus, XCHG Limited has not transferred any cash proceeds or other assets to any of our subsidiaries. See "Corporate History and Structure — Restructuring" for details of the cash transfers. Other than the Restructuring, none of our subsidiaries have issued any dividends or distributions to their respective holding companies, including the company, nor have we issued any dividends or distributions to any investors of the company, as of the date of this prospectus. As of the date of this prospectus, other than the US$350 thousand loans to one of our subsidiaries, there is no outstanding balance of loans between the company and another entity within the Group under applicable agreements. We do not expect to pay dividends in the foreseeable future. In the future, cash proceeds raised from financing activities, including this offering, may be transferred by us through intermediary holding companies to our subsidiaries via capital contributions and shareholder loans, as the case may be, to meet the capital needs of our business operations. Remittance of dividends by a wholly foreign-owned enterprise out of China is subject to certain restrictions on currency exchange or outbound capital flows. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Applicable PRC law permits payment of dividends to us by our operating subsidiaries in China only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Our operating subsidiaries in China are also required to set aside a portion of their net income, if any, each year to fund general reserves for appropriations until this reserve has reached 50% of the related subsidiary's registered capital. These reserves are not distributable as cash dividends. In addition, registered capital and capital reserve accounts are also restricted from distribution. For details, see "Regulation — PRC —Regulations Relating to Foreign Exchange and Dividend Distribution — Regulations on Dividend Distributions," "Risk Factors — Risks Related to Regulations — Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment," "Risk Factors — Risks Related to Regulations — PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us. We also face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies," and "Risk Factors — Risks Related to the ADSs and This Offering — Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment."

Summary of Risk Factors

Investors in the ADSs are not purchasing equity securities of our subsidiaries that have substantive business operations but instead are purchasing ADSs representing certain contractual rights relating to the

equity securities of a Cayman Islands company. XCHG Limited is a Cayman Islands company that conducts all of its operations through its subsidiaries. You should carefully consider all of the information in this prospectus before making an investment in the ADSs. Below please find a summary of the principal risks and uncertainties we face, organized under relevant headings. These risks are discussed more fully in the section titled "Risk Factors."

Risks Related to Our Business

- We have experienced rapid growth and expect to invest in growth for the foreseeable future. If we fail to manage growth effectively, our business, results of operations, financial condition and prospects could be adversely affected.
- Our growth and success are highly correlated with and thus dependent upon the continuing rapid adoption of and demand for EVs.
- Our limited operating history may make it difficult to predict our future prospects and the risks and challenges we may encounter in the rapidly evolving EV charger market.
- The EV charger market is characterized by rapid technological change, which requires us to continue to develop new products and product innovations. Any delays in such development could adversely affect market adoption of our products and thus adversely affect our business, results of operations, financial condition and prospects.
- We cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.
- We currently face competition from a number of companies and expect to face significant competition in the future as the EV charger market develops.
- Our future revenue growth will depend in significant part on our ability to increase sales of our products to our customers.
- We rely on a limited number of suppliers and OEMs of certain key components for our products, such as batteries. A loss of any of these partners, including as a result of a global supply shortage or major shipping disruption, could negatively affect our business, results of operations, financial condition and prospects.
- We are dependent on a limited number of significant customers for a substantial portion of our revenues. The loss of any such customer, or a reduction in revenue generated from any such customer could have a material adverse effect on our business, results of operations, financial condition and prospects if they are not replaced by another large sales order.
- We may be adversely affected by foreign currency fluctuations.

Risks Related to Regulations

- There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in the jurisdictions in which we operate. In addition, such laws, rules and regulations are continually evolving.
- The PRC government may promulgate new laws and regulations that could impact our operations from time to time. Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties. In addition, the PRC government has recently promulgated laws and regulations on securities offerings conducted overseas and foreign investment in China-based issuers, which could result in a material change in our operations and the value of our securities. For details, see page 30.
- The approval, filing or other administrative requirements of the China Securities Regulatory Commission or other PRC government authorities may be required in connection with this offering under PRC law. Furthermore, the PRC government has recently promulgated laws and regulations on overseas securities offerings and other capital markets activities and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit

or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

- We may become subject to cybersecurity review by the CAC in the future.
- The audit report included in this prospectus is prepared by an auditor which the PCAOB was unable to inspect and investigate completely before 2022 and, as such, our investors had been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future.
- The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect and investigate completely auditors located in China. The prohibition from trading the ADSs, or the threat of their being prohibited from trading, may cause the value of the ADSs to significantly decline or be worthless.

Risks Related to Our International Operations

- We face risks associated with our international operations and supply chain, including unfavorable regulatory, political, tax, labor, pandemic and market conditions and other risks, which could adversely affect our business, results of operations, financial condition and prospects.
- Changes to trade policy, tariffs, and import/export regulations may adversely affect our business, results of operations, financial condition and prospects.
- Our products are subject to numerous standards and regulations which may materially and adversely affect our business, results of operations, financial condition and prospects. The current lack of certainty and alignment in international standards and regulations may lead to multiple production variants of the same product, products failing customer testing, retrofit requirements for already fielded products, litigation with customers facing retrofit expenses, additional test and compliance expenses and further unexpected costs, and we may not be able to comply with new standards and regulations on a competitive timeline or at all.

Risks Related to The ADSs and This Offering

- An active trading market for our ordinary shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.
- We will incur additional costs as a result of being a public company.
- You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.

Implication of the Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, which was signed into law on December 18, 2020 and amended by the Consolidated Appropriations Act, 2023 signed into law on December 29, 2022, if the SEC determines that we have filed audit reports issued by a registered public accounting firm from a jurisdiction where the PCAOB is unable to conduct inspections and investigations for two consecutive years, the SEC will prohibit our ordinary shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. The Consolidated Appropriations Act, 2023 reduced the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two years.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect and investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15, 2022, the PCAOB vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Therefore, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file our annual report on Form 20-F after becoming a public company.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer after we file our annual report on Form 20-F after becoming a public company. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if the PCAOB were unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China for two consecutive years in the future. In the event of such prohibition, our securities could potentially be delisted by the Nasdaq.

If our ordinary shares and the ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our ordinary shares will develop outside the United States. Such a prohibition would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, results of operations, financial condition and prospects. See "Risk Factors — Risks Related to Regulations — The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect and investigate completely auditors located in China. The prohibition from trading the ADSs, or the threat of their being prohibited from trading, may cause the value of the ADSs to significantly decline or be worthless."

Corporate Information

Our principal executive offices are located at XCharge Europe GmbH, Hamburg-Mitte, Grevenweg 24, 20537 Hamburg, Germany and No. 12 Shuang Yang Road, Da Xing District, Beijing, People's Republic of China, 100023. Our telephone numbers at these addresses are +49 4057128593 and 010-57215988, respectively. Our registered office in Cayman Islands is at the offices of ICS Corporate Services (Cayman) Limited of 3-212 Governor Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

We are a foreign private issuer under the U.S. Securities Exchange Act of 1934, as amended, or 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. See "Risk Factors — Risks Related to the ADSs and This Offering — 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 applicable to U.S. domestic public companies."

Investors should contact us for any inquiries through the address and telephone number of our principal executive offices. Our website is https://xcharge.com/. The information contained on our website is not a part of this prospectus.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than US$1.235 billion in revenue for the last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012 (as amended by the Fixing America's Surface Transportation Act of 2015), or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions.

We will remain an emerging growth company until the earliest of (i) the last day of our fiscal year during which we have total annual gross revenues of at least US$1.235 billion; (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than US$1.235 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. See "Risk Factors — Risks Related to the ADSs and This Offering — We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements."

CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

Unless we indicate otherwise, all information in this prospectus reflects no exercise by the underwriters of their option to purchase up to additional ADSs representing Class A ordinary shares from us. Except where the context otherwise requires:

- "ADSs" refers to American depositary shares, each of which represents 20 Class A ordinary shares;
- "X-Charge Technology" refers to Beijing X-Charge Technology Co., Ltd.;
- "China" or "PRC" refers to the People's Republic of China, and only in the context of describing PRC laws, regulations and other legal or tax matters in this prospectus, excludes Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" refers to our Class A ordinary shares, par value US$0.00001 per share, which will be outstanding immediately prior to the completion of this offering;
- "Class B ordinary shares" refers to our Class B ordinary shares, par value US$0.00001 per share, which will be outstanding immediately prior to the completion of this offering;
- "euro," "EUR" or "€" refers to the common currency of the European Economic and Monetary Union;
- ''Group'' refers to XCHG Limited and its subsidiaries;
- "preference shares" refer to our Series Angel preference shares, Series Seed preference shares, Series A preference shares, Series A+ preference shares and Series B preference shares, par value US$0.00001 per share;
- "RMB" or "Renminbi" refers to the legal currency of the People's Republic of China;
- "shares" or "ordinary shares" refer to our ordinary shares, par value US$0.00001 per share and immediately prior to the completion of this offering, to our Class A ordinary shares and Class B ordinary shares, par value US$0.00001 per share;
- "US$," "U.S. dollars," "$" and "dollars" refer to the legal currency of the United States;
- "users" refers to the end user of our products;
- "XCharge Europe" refers to XCharge Europe GmbH; and
- "XCHG Limited," the "company," "we," "our," "ours," "us" or similar terms refer to XCHG Limited, a Cayman Islands company, which includes its subsidiaries in the context of describing our consolidated financial information, business operations and operating data;

Unless otherwise noted, all translations from euro to U.S. dollars, from U.S. dollars to euro, from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at EUR1.1062 to US$1.00 and RMB7.0999 to US$1.00, the exchange rates set forth in the H.10 statistical release of the Federal Reserve Board on December 29, 2023. We make no representation that any amounts that could have been, or could be, converted into another currency, as the case may be, at any particular rate, the rates stated below, or at all.

This prospectus contains information derived from various public sources and certain information from an industry report commissioned by us and prepared by Frost & Sullivan, a third-party industry research firm, to provide information regarding our industry and global market position. Such information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. 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 "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in these publications and reports.

THE OFFERING

Offering price range	We currently estimate that the initial public offering price will be between US$ and US$ per ADS.
ADSs offered by us	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).
ADSs	Each ADS represents 20 Class A ordinary shares, par value US$0.00001 per share. The depositary will hold the Class A ordinary shares underlying the ADSs through its custodian. You will have rights as provided in the deposit agreement. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will pay you the net cash dividends and other distributions it receives on our Class A ordinary shares, after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may turn in the ADSs for cancellation to the depositary to withdraw our Class A ordinary shares. The depositary will charge you fees for any cancellation. We may amend or terminate the deposit agreement without your consent. If you continue to hold the ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. To better understand the terms of the ADSs, you should carefully read the "Description of American Depositary Shares" section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Ordinary shares	We will issue Class A ordinary shares represented by the ADSs in this offering. Our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares immediately prior to the completion of this offering. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any non-affiliate of such holder, each of such Class B ordinary share will be automatically and immediately converted into one Class A ordinary share. All options, regardless of grant dates, will entitle holders to the equivalent number of Class A ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met. See "Description of Share Capital."

Ordinary shares outstanding immediately after this offering	Class A ordinary shares, par value US$0.00001 per share (or Class A ordinary shares if the underwriters exercise their option to purchase additional ADSs in full), and 741,254,447 Class B ordinary shares, par value US$0.00001 per share.
Over-allotment option	We have granted the underwriters the right to purchase up to an additional Class A ordinary shares from us within 30 days of the date of this prospectus, to cover over-allotments, if any, in connection with the offering.
Listing	We intend to apply to list the ADSs representing our Class A ordinary shares on the Nasdaq under the symbol "XCH."
Use of proceeds	We estimate that the net proceeds to us from the offering will be approximately US$, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from the offering for the following purposes: • approximately 30% for investment in our planned new manufacturing facility in Texas, including expenditures in land leases, construction and renovation, procurement of equipment, among others. • approximately 30% for research and development, especially the development of energy management and battery management technologies; • approximately 25% for our global market expansion; and • approximately 15% to supplement our working capital for general corporate purposes. See "Use of Proceeds" for more information.
Lock-up	We[, our directors, executive officers, existing shareholders and holders of share-based awards] have agreed with the underwriters, subject to certain exceptions, not to offer, sell, or dispose of any shares of our share capital or securities convertible into or exchangeable or exercisable for any shares of our share capital during the [180]-day period following the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting" for more information.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on , 2024.
Depositary	The Bank of New York Mellon.
Taxation	For Cayman, Germany, PRC and U.S. federal income tax considerations with respect to the ownership and disposition of the ADSs, see "Taxation."
Risk Factors	See "Risk Factors" and other information included in this prospectus for discussions of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.

Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the option granted to the underwriters to purchase up to additional Class A ordinary shares to cover over-allotments, if any, in connection with the offering.

OUR SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated statements of comprehensive income (loss) and cash flows data for the years ended December 31, 2021, 2022 and 2023, summary consolidated balance sheets data as of December 31, 2022 and 2023 have been derived from audited consolidated financial statements included elsewhere in this prospectus. The consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read "Our Summary Consolidated Financial Data" together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

Summary Consolidated Statements of Comprehensive Income (Loss)

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenues	13,156	100.0	29,424	100.0	38,512	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(20,938)	(54.4)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	**17,574**	**45.6**
Operating expenses:						
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(6,433)	(16.7)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(4,061)	(10.6)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(14,025)	(36.4)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	**(24,519)**	**(63.7)**
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	**(6,518)**	**(16.9)**
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	**(8,084)**	**(21.0)**
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	**(8,084)**	**(21.0)**
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	**(7,040)**	**(18.3)**

Summary Consolidated Balance Sheets

	As of December 31,	
	2022	2023
	US$	US$
	(in thousands)	
Cash and cash equivalents	8,338	15,661
Restricted cash	332	32
Accounts receivable, net	7,560	12,495
Amounts due from related parties	3,611	1,671
Inventories	6,230	6,657
Prepayments and other current assets	2,112	3,229
Total current assets	**28,183**	**39,745**
Total assets	**29,139**	**40,960**
Short-term bank borrowings	4,123	5,560
Accounts payable	6,630	5,750

	As of December 31,	
	2022	2023
	US$	US$
	(in thousands)	
Contract liabilities	2,810	1,332
Operating lease liabilities – current	236	294
Convertible debts	—	12,516
Financial liability	242	247
Accrued expenses and other current liabilities	3,952	5,028
Total current liabilities	**17,993**	**30,727**
Total liabilities	**18,291**	**30,980**
Total mezzanine equity	**38,894**	**40,017**
Total shareholders' deficit	**(28,046)**	**(30,037)**
Total liabilities, mezzanine equity and shareholders' deficit	**29,139**	**40,960**

Summary Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2021	2022	2023
	US$	US$	US$
	(in thousands)		
Net cash provided by (used in) operating activities	(6,479)	849	(5,576)
Net cash provided by (used in) investing activities	(4,843)	1,222	2,266
Net cash provided by financing activities	15,189	2,278	10,743
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(411)
Net increase in cash, cash equivalents and restricted cash	4,015	3,842	7,022
Cash, cash equivalents and restricted cash at the beginning of the year	813	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year	4,828	8,670	15,693

Non-GAAP Financial Measures

We consider adjusted net income (loss), a non- GAAP financial measure, as a supplemental measure to review and assess our operating performance. The presentation of this non-GAAP financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of this non-GAAP measure facilitates investors' assessment of our operating performance.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. This non-GAAP financial measure has limitations as an analytical tool. One of the key limitations of using this non-GAAP financial measure is that it does not reflect all items of income and expense that affect our operations. Further, this non-GAAP measure may differ from the non-GAAP information used by other companies, including peer companies, and therefore its comparability may be limited. We compensate for these limitations by reconciling this non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Adjusted Net Income (Loss)

We define adjusted net income (loss) as net income (loss) excluding share-based compensation and changes in fair value of financial instruments.

The following table reconciles our adjusted net income (loss) for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is net income (loss):

	For the Year Ended December 31,		
	2021	2022	2023
	US$	US$	US$
	(in thousands, except for percentages)		
Net income (loss)	**(2,067)**	**1,610**	**(8,084)**
Add:			
share-based compensation	—	—	7,457
Changes in fair value of financial instruments	12	191	1,472
Adjusted net income (loss)	**(2,055)**	**1,801**	**845**

RISK FACTORS

Investing in our securities involves a high degree of risks. Before you make a decision to purchase our securities, in addition to the risks and uncertainties discussed above under "Special Note Regarding Forward-Looking Statements and Industry Data," you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm our business, results of operations, financial condition and prospects. As a result, the market price of our securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this prospectus, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.

RISKS RELATED TO OUR BUSINESS

We have experienced rapid growth and expect to invest in growth for the foreseeable future. If we fail to manage growth effectively, our business, results of operations, financial condition and prospects could be adversely affected.

We have experienced rapid growth in recent periods. For example, our revenue increased from US$13.2 million in 2021 to US$29.4 million in 2022, and further to US$38.5 million in 2023. The recent rapid growth in our business has placed, and is expected to continue to place, a significant strain on our managerial, administrative, operational, and financial resources, as well as our infrastructure. We plan to continue to expand our operations in the future. Our success will depend in part on our ability to manage this growth effectively and execute our business plan. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial, and management controls, as well as our reporting systems and procedures.

To manage our growth effectively, we shall continue to improve and expand our operational, financial, and administrative systems and procedures. We shall also continue to manage our employees, operations, finances, research and development, and capital investments efficiently. Our productivity and the quality of our products and services may be adversely affected if we do not integrate and train our new employees quickly and effectively or if we fail to appropriately coordinate across our executive, research and development, sales and marketing, and other general and administrative teams. As we continue to grow, we will incur additional expenses, and our growth may continue to place a strain on our resources, infrastructure, and ability to maintain the quality of our products and services. If we do not adapt to meet these evolving challenges, or if the current and future members of our management team do not effectively manage our growth, the quality of our products and services may suffer and our corporate culture may be harmed. Failure to manage our future growth effectively could have an adverse impact on our business, results of operations, financial condition and prospects.

Our growth and success are highly correlated with and thus dependent upon the continuing rapid adoption of and demand for EVs.

Our growth is highly dependent upon the adoption of EVs both by businesses and consumers. The market for EVs is still rapidly evolving, characterized by rapidly changing technologies, increasing consumer choice as it relates to available EV models, their pricing and performance, evolving government regulation and industry standards, changing consumer preferences and behaviors, intensifying levels of concern related to environmental issues, and governmental initiatives related to climate change and the environment generally. Our revenues are driven in large part by EV drivers' driving and charging behavior. Although demand for EVs has grown in recent years, there is no guarantee of continuing future demand. Direct current ("DC") fast charging in particular may not develop as expected and may fail to attract projected market share of the EV charger market. If the market for EVs develops more slowly than expected, or if demand for EVs decreases, our growth would be reduced and our business, results of operations, financial condition and prospects would be harmed. The market for EVs could be affected by numerous factors, such as:

- perceptions about EV features, quality, driver experience, safety, performance and cost;

- perceptions about the limited range over which EVs may be driven on a single battery charge and about availability and access to sufficient EV chargers;
- competition, including from other types of alternative fuel vehicles (such as hydrogen fuel cell vehicles), plug-in hybrid EVs and high fuel-economy internal combustion engine ("ICE") vehicles;
- increases in fuel efficiency in legacy ICE and hybrid vehicles;
- volatility in the price of gasoline and diesel at the pump;
- EV supply chain disruptions, including but not limited to availability of certain components (e.g., semiconductors), ability of EV manufacturers to ramp-up EV production, availability of batteries, and battery materials;
- concerns regarding the stability of the electrical grid;
- the decline of an EV battery's ability to hold a charge over time;
- availability of service for EVs;
- consumers' perception about the convenience, speed, and cost of EV charging;
- government regulations and economic incentives, including adverse changes in, or expiration of, favorable tax incentives related to EVs, EV chargers or decarbonization generally;
- relaxation of government mandates or quotas regarding the sale of EVs;
- the number, price and variety of EV models available for purchase; and
- concerns about the future viability of EV manufacturers.

In addition, sales of vehicles in the automotive industry can be cyclical, which may affect growth in acceptance of EVs. It is uncertain how macroeconomic factors will impact demand for EVs, particularly since they can be more expensive than traditional gasoline-powered vehicles, when the automotive industry globally has been experiencing a recent decline in sales.

While many global OEMs and several new market entrants have announced plans for new EV models, the lineup of EV models with increasing fast charging needs expected to come to market over the next several years may not materialize in that time frame or may fail to attract sufficient customer demand. Demand for EVs may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in reduced demand for EV charging solutions and therefore adversely affect our business, results of operations, financial condition and prospects.

Our limited operating history may make it difficult to predict our future prospects and the risks and challenges we may encounter in the rapidly evolving EV charger market.

Due to our limited operating history in the rapidly evolving EV charger market, we cannot assure you that we can accurately predict our future prospects. If products in our product roadmap, such as the new NZS chargers, do not achieve projected sales in the future, our growth prospects may be negatively affected.

Estimates of future EV adoption in the world, the total addressable market, serviceable addressable market for our products and services, and the EV charger market in general are included in this prospectus. 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 included in this prospectus relating to the size and expected growth of the target market, market demand, EV adoption across individual market verticals and use cases, capacity of automotive and battery OEMs and ability of charging infrastructure to address this demand and related pricing may also prove to be inaccurate. In particular, estimates regarding the current and projected market opportunity for EV charger and future fast charging throughput or our market share capture are difficult to predict. The estimated addressable market may not materialize in the time frame of the

projections included herein, if ever, and even if the markets meet the size estimates and growth estimates presented in this prospectus, our business could fail to grow at similar rates.

The EV charger market is characterized by rapid technological change, which requires us to continue to develop new products and product innovations. Any delays in such development could adversely affect market adoption of our products and thus adversely affect our business, results of operations, financial condition and prospects.

Continuing technological changes in battery and other EV technologies could adversely affect adoption of current EV charging technology, continuing and increasing reliance on EV charging infrastructure and the use of our products and services. Our future success will depend in part upon our ability to develop and introduce a variety of new capabilities and innovations to our existing charging and energy storage solutions, as well as introduce a variety of new products and services to address the changing needs of the EV charger market.

As EV technologies change, we may need to upgrade or adapt our charging technologies and introduce new products and services in order to serve vehicles that have the latest technology, in particular battery technology, which could involve substantial costs. Even if we are able to keep pace with changes in technology and develop new products and services, our research and development expenses could increase, our gross margins could be adversely affected in some periods and our prior products could become obsolete more quickly than expected.

We cannot guarantee that any new products or services will be released in a timely manner, or at all, or achieve market acceptance. Delays in delivering new products or services that meet customer requirements could damage our relationships with customers and lead them to seek alternative products or services. Delays in introducing products and innovations or the failure to offer innovative products or services at competitive prices may cause existing and potential customers to use our competitors' products or services.

If we are unable to devote adequate resources to develop products or cannot otherwise successfully develop products or services that meet customer requirements on a timely basis or that remain competitive with technological alternatives, our products and services could lose market share, our revenue will decline, we may experience higher operating losses and our business, results of operations, financial condition and prospects will be adversely affected.

We cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.

We have developed a diversified revenue model and plan to explore additional opportunities to monetize our customer base and technology by, for example, promoting a new monetization model for our NZS chargers. If these efforts fail to achieve our anticipated results, we may not be able to increase or maintain our revenue growth. Specifically, in order to increase the number of our customers and their levels of spending, we will need to address a number of challenges, including providing consistent quality products and services; continuing to innovate and stay ahead of our competitors; and improving the effectiveness and efficiency of our sales and marketing efforts. If we fail to address any of these challenges, we may not be successful in increasing the number of our customers and their expenditures with us, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

We currently face competition from a number of companies and expect to face significant competition in the future as the EV charger market develops.

The EV charger industry is relatively new, and the competitive landscape is still developing. Successfully penetrating large emerging EV markets, such as Europe and the United States, will require early engagement with customers to gain market share, and ongoing efforts to scale channels, teams and processes. Our potential entrance into additional markets may require establishing ourselves against existing competitors. In addition, there are multiple competitors in Europe and the United States that could begin selling and commissioning chargers of lower quality which, in turn, may cause poor driver experiences, hampering overall EV adoption or trust in EV charger manufacturers.

We believe that we are differentiated from current publicly listed EV charger competitors in that we offer charging and energy storage solutions. However, there are other means for charging EVs and the continued or future adoption of such other means could affect the demand for our products and services.

Further, our current or potential competitors may be acquired by third parties with greater available resources. As a result, competitors may be able to respond more quickly and effectively than us to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In addition, competitors may in the future establish cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their solutions in the marketplace. This competition may also materialize in the form of costly intellectual property disputes or litigation.

New competitors or alliances may emerge in the future that have greater market share, more widely adopted technologies, greater marketing expertise and greater financial resources, which could put us at a competitive disadvantage. Future competitors could also be better positioned to serve certain segments of our current or future target markets, which could create price pressure. In light of these factors, even if our offerings are more effective and of higher quality than those of our competitors, current or potential customers may accept competitive solutions. If we fail to adapt to EV charger market conditions or continue to compete successfully with current charging providers or new competitors, our growth will be limited which would adversely affect our business, results of operations, financial condition and prospects.

Our future revenue growth will depend in significant part on our ability to increase sales of our products to our customers.

Our future revenue growth will depend in significant part on our ability to increase sales of our products to our customers. As we compete with a large and growing number of EV charger solution providers, we have invested in branding, sales and marketing to acquire and retain customers and increase their spending in our products. If we are unable to increase sales of our products, our profitability could be adversely affected.

We incurred selling and marketing expenses of US$2.4 million, US$3.5 million and US$6.4 million in 2021, 2022 and 2023, respectively. We expect to continue to invest to acquire new customers and increase sales to existing ones, but there is no assurance that we can attract new customers or that our existing customers will stay with us. Any failure to attract and retain customers in the future would adversely affect our business, results of operations, financial condition and prospects.

We rely on a limited number of suppliers and OEMs of certain key components for our products, such as batteries. A loss of any of these partners, including as a result of a global supply shortage or major shipping disruption, could negatively affect our business, results of operations, financial condition and prospects.

We rely on a limited number of suppliers and OEMs to manufacture components for our products. This reliance on a limited number of suppliers and OEMs increases our risks, since we do not currently have proven reliable alternative or replacement suppliers and OEMs for certain components beyond these key parties, and in some cases replacing the suppliers or OEMs would require re-certification of the chargers by relevant regulatory authorities. A catastrophic loss of the use of one or more of our OEMs due to pandemics, including the COVID-19 pandemic, accident, fire, explosion, labor issues, extreme weather events, natural disasters, condemnation, cyberattacks, cancellation or non-renewals of leases, terrorist attacks or other acts of violence or war or otherwise could have a material adverse effect on their production capabilities. In addition, unexpected failures, including as a result of power outages or similar disruptions outside of our control, could result in production delays or the loss of components or products in the equipment or machinery at the time of such failures. In the event of a supply shortage or major shipping disruption, we may not be able to increase capacity from other sources, or develop alternate or secondary sources, without incurring material additional costs and substantial delays. For more information, see “Risk Factors — Risks Related to Our International Operations — We face risks associated with our international operations and supply chain, including unfavorable regulatory, political, tax, labor, pandemic and market conditions and other risks, which could adversely affect our business, results of operations, financial condition and prospects.” Thus, our business could be adversely affected if one or more of our suppliers is impacted by any supply shortages, price increases, or manufacturing, shipping or regulatory disruptions.

If we experience a significant increase in demand for our products, or if we need to replace an existing supplier or OEM, it may not be possible to supplement or replace them on acceptable terms or at all, which may undermine our ability to deliver products to customers in a timely manner. For example, it may take a significant amount of time to identify an OEM that has the capability and resources to produce batteries in sufficient volume. Identifying suitable suppliers and OEMs could be an extensive process that requires us to become satisfied with their component or sub-assembly specifications, quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical or environmental, social and governance practices. Accordingly, a loss of any significant suppliers or OEMs could have an adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on a limited number of significant customers for a substantial portion of our revenues. The loss of any such customer, or a reduction in revenue generated from any such customer could have a material adverse effect on our business, results of operations, financial condition and prospects if they are not replaced by another large sales order.

We are, and may continue to be, dependent on a limited number of significant customers for a substantial portion of our revenue. For example, in 2021, 2022 and 2023, revenue generated from our largest customer accounted for 32%, 63% and 42% of our total revenues for the same periods, respectively. We cannot be certain that customers that have accounted for significant revenues in past periods, individually or as a group, will continue to generate similar revenues in any future period. We may lose one or more of our significant customers due to various factors, including but not limited to increased competition, material changes in such customers' operations, breach of contract or policy, and any deterioration in our relationship with such customers. The loss or reduction in revenues generated from significant customers, any reduction, delay or cancellation of orders from one or more of our significant customers, or a decision by one or more of our significant customers to select products or services provided by a competitor, would significantly and negatively impact our business, results of operations, financial condition and prospects. Additionally, the failure of our significant customers to pay their current or future outstanding balances would increase our operating expenses and reduce our cash flows.

We may be adversely affected by foreign currency fluctuations.

We routinely transact business in currencies other than the U.S. dollar. Additionally, we maintain a portion of our cash and investments in currencies other than the U.S. dollar and may, from time to time, experience losses resulting from fluctuations in the values of these foreign currencies, which could cause our reported net earnings to decrease, or could result in a negative impact to shareholders' deficit. In addition, failure to manage foreign currency exposures could cause our results of operations to be more volatile. Adverse, unforeseen or rapidly shifting currency valuations in our key markets may magnify these risks over time.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our solutions.

Our ability to grow our customer base, achieve broader market acceptance, grow revenue, and achieve and sustain profitability will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities. We rely on our sales and marketing teams to obtain new customers and grow our business. We plan to continue to expand in these functional areas but we may not be able to recruit and hire a sufficient number of competent personnel with requisite skills, technical expertise and experience, which may adversely affect our ability to expand our sales capabilities. The hiring process can be costly and time consuming, and new employees may require significant training and time before they achieve full productivity. Recent hires and planned hires may not become as productive as quickly as anticipated, and we may be unable to hire or retain sufficient numbers of qualified individuals. Our ability to achieve significant revenue growth in the future will depend, in large part, on our success in recruiting, training, incentivizing and retaining a sufficient number of qualified personnel attaining desired productivity levels within a reasonable time. Our business will be harmed if investment in personnel related to sales and marketing activities does not generate a significant increase in revenue.

If we fail to offer high-quality products and services, or fail to maintain high availability of our products or services and strong user experience, our business and reputation will suffer.

We offer a portfolio of customizable and environment-friendly products and comprehensive services catering to different and evolving needs in the EV era. Rapid and high-quality customer services is important so customers can receive reliable charging for their EVs. The importance of high-quality products and services will increase as we seek to expand our business and pursue new customers and geographies. If we do not quickly resolve issues and provide high-quality products and services, our ability to retain customers or sell additional products and services to existing customers could suffer and our brand and reputation could be harmed.

If a safety issue occurs with our products, or similar products from another manufacturer, there could be adverse publicity around our products or the safety of EV chargers generally, which could adversely affect our business, results of operations, financial condition and prospects.

Manufacturers of EV chargers, including us, may be subject to claims that their products have malfunctioned and, as a result, persons were injured and/or property was damaged. For example, under certain circumstances, including improper charging, lithium-ion batteries have been observed to catch fire or vent smoke and flames. In addition, our customers could be subjected to claims as a result of such incidents and may bring legal claims against us to attempt to hold us liable. Any of these events could result in negative publicity and reputational harm, which could adversely affect our business, results of operations, financial condition and prospects.

Any delay in achieving our manufacturing expansion plans could impact revenue forecasts associated with these facilities.

We presently intend to establish new manufacturing facilities in the United States. Our ability to fund the completion of the project may depend on our ability to obtain enough cash flow from our operations, which may not materialize or be available at the needed levels, or other sources of funding, which may not be available at acceptable rates or at all. In addition, completion of the project could be delayed due to factors outside of our control, including equipment delivery delays and other shipping delays or interruptions, delays in customs processing, delays in obtaining regulatory approvals, work stoppages, imposition of new trade tariffs, unusual weather conditions and impacts of health pandemics. Any delays in completion of these projects could impact revenue forecasts associated with the expanded facilities and could adversely affect our business, results of operations, financial condition and prospects.

Computer malware, viruses, ransomware, hacking, phishing attacks and other network disruptions could result in security and privacy breaches, loss of proprietary information and interruption in service, which could adversely affect our business, results of operations, financial condition and prospects.

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in our services and operations and loss, misuse or theft of data. Computer malware, viruses, ransomware, hacking, phishing attacks or denial of service, against online networks have become more prevalent and may occur on our systems. Any attempts by cyberattackers to disrupt our services or systems, if successful, could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy and damage our reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to cyberattacks. Even with the security measures implemented by us, such as managed security services that are designed to detect and protect against cyberattacks, and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, acts of vandalism, or other events. Efforts to prevent cyberattackers from entering computer systems are expensive to implement, and we may not be able to cause the implementation or enforcement of such preventions with respect to our third-party vendors. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of systems and technical infrastructure may, in addition to other losses, harm our reputation, brand and ability to attract customers.

We have previously experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, third-party service providers, human or software errors and capacity constraints. There are several factors ranging from human error to data corruption that could materially impact the efficacy of any processes and procedures designed to enable us to recover from a disaster or catastrophe, including by lengthening the time services are partially or fully unavailable to customers and users. It may be difficult or impossible to perform some or all recovery steps and continue normal business operations due to the nature of a particular cyberattack, disaster or catastrophe or other disruption, especially during peak periods, which could cause additional reputational damages, or loss of revenues, any of which would adversely affect our business and financial results.

We face risks related to health pandemics, including the COVID-19 pandemic, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Health pandemics may have a material adverse effect on our business, results of operations, financial condition and prospects. For example, during the outbreak of COVID-19, the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers was disrupted and a decrease in vehicle sales, including EV sales, occurred in markets around the world, which resulted in the decrease in the accompanying demand for our chargers. The negative impact for EVs may in turn harm our business, results of operations, financial condition and prospects.

The COVID-19 pandemic also impacted our operations through supply chain and shipping constraints. We experienced delays in charger manufacturing and delivery, and increase in prices of some components, chips and shipping caused by COVID-19 and any resurgences, especially in the first quarter of 2022. In addition, the spread of COVID-19 has adversely affected our employees and operations and the operations of our customers, suppliers, and business partners and negatively impact demand for EV charging. As of the date of this prospectus, the COVID-19 pandemic has not resulted in a material adverse impact on our supply chain or business operations.

Nonetheless, in the event of a re-occurrence or outbreak of any health pandemics, and if we cannot effectively mitigate the risks posed by such health pandemics, our operations will be negatively impacted. Health pandemics could limit the ability of customers, suppliers, and utilities to perform, including third-party suppliers and OEMs' ability to provide components used in chargers, which may have an adverse impact on our business.

We may need to raise additional funds, and these funds may not be available when needed or may be available only on unfavorable terms.

We may need to raise additional capital in the future to further scale our business and expand to additional markets. We may raise additional funds through the issuance of equity, equity-related or debt securities, through obtaining credit from government or financial institutions or through grant funding. We cannot be certain that additional funds or incentives will be available on favorable terms when required, or at all, or that we will be able to obtain additional funds under various existing and new state and local programs in the future. If we cannot raise additional funds when needed, our business, results of operations, financial condition and prospects could be materially and adversely affected. If we raise funds through the issuance of debt securities or through loan arrangements, the terms of which could require significant interest payments, contain covenants that restrict our business, or other unfavorable terms. In addition, to the extent we raise funds through the sale of additional equity securities, our shareholders would experience additional dilution.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies to safeguard against risks and unexpected events, such as social security insurance for our employees as required by PRC law. Our insurance coverage 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 our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Increases in labor costs, potential labor disputes and work stoppages or an inability to hire skilled manufacturing, sales and other personnel could adversely affect our business, results of operations, financial condition and prospects.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers, OEMs or transportation service providers, or other labor disruptions, could decrease our sales and increase our expenses. Although our employees are not represented by a union, its labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs. The competition for skilled research and development, manufacturing, sales and other personnel is intense in the regions in which our operation covered. A significant increase in the salaries and wages paid by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay, or both. Additionally, potential employees may seek remote work options that are unavailable for certain positions. If we are unable to hire and retain skilled research and development, manufacturing, sales and other personnel, our ability to execute our business plan, and our business, results of operations, financial condition and prospects, would suffer.

If we are unable to attract and retain key employees and hire qualified management, technical, engineering and sales personnel, our ability to compete and successfully grow our business would be harmed.

Our success depends, in part, on our continuing ability to identify, hire, attract, train and develop and retain highly qualified management, technical, engineering and sales personnel. The inability to do so effectively would adversely affect our business.

Competition for key employees can be intense, and the ability to attract, hire and retain them depends on our ability to provide competitive compensation, culture and benefits. We may not be able to attract, assimilate, develop or retain qualified management, technical, engineering and sales personnel in the future, and failure to do so could adversely affect our business, results of operations, financial condition and prospects, including the execution of our global business strategy.

Changes to fuel economy standards or the success of alternative fuels may negatively impact the EV charger market and thus the demand for our products and services.

As regulatory initiatives have required an increase in the mileage capabilities of cars and consumption of renewable transportation fuels, such as ethanol and biodiesel, consumer acceptance of EVs and other alternative vehicles has been increasing. However, the EV fueling model is different from gasoline and other fuel models, requiring behavior changes and education of businesses, consumers, regulatory bodies, local utilities, and other stakeholders. Further developments in, and improvements in affordability of, alternative technologies, such as renewable diesel, biodiesel, ethanol, hydrogen fuel cells or compressed natural gas, proliferation of hybrid powertrains involving such alternative fuels, or improvements in the fuel economy of the internal combustion engine vehicles, whether as the result of regulation or otherwise, may materially and adversely affect demand for EVs and EV chargers in some market verticals. Regulatory bodies may also adopt rules that substantially favor certain alternatives to petroleum-based propulsion over others, which may not necessarily be EVs. Local jurisdictions may also impose restrictions on urban driving due to congestion, which may prioritize and accelerate micromobility trends and slow EV adoption growth. If any of the above cause or contribute to automakers reducing the availability of EV models or cause or contribute to consumers or businesses to no longer purchase EVs or purchase fewer of them, it would harm the demand for our products and services, thus materially and adversely affect our business, results of operations, financial condition and prospects.

The success of our business depends in large part on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, copyright, trademark, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection. We cannot assure you that any patents will issue with respect to our currently pending patent applications, in a manner that gives us the protection that we seek, if at all, or that any future patents issued to us will not be challenged, invalidated or circumvented. Our currently issued

patents and any patents that may issue in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers. Also, we cannot assure you that any future trademark registrations will be issued with respect to pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights.

We endeavor to enter into agreements with our employees and agreements with parties with whom we do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. The enforcement of our intellectual property rights also depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed.

Furthermore, effective patent, copyright, trademark, and trade secret protection may not be available in every country. In addition, the legal scope of protection of intellectual property rights in EV-related industries is uncertain and still evolving.

We may need to defend against intellectual property infringement or misappropriation claims or challenge the patents of our competitors, which may be time consuming and expensive.

From time to time, the holders of intellectual property rights may assert their rights and urge us to take licenses, and/or may bring suits alleging infringement or misappropriation of such rights. There can be no assurance that we will be able to mitigate the risk of potential suits or successfully combat other legal demands by competitors or other third parties. Accordingly, we may consider entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation or arbitration will not occur, and such licenses and associated disputes could significantly increase our operating expenses. In addition, if we are determined to have or believe there is a high likelihood that we have infringed upon or misappropriated a third party's intellectual property rights, we may be required to cease making, selling or incorporating certain key components or intellectual property into the products and services we offer, to pay substantial damages and/or royalties, to redesign our products and services, and/or to establish and maintain alternative branding. In addition, to the extent that our customers and business partners become the subject of any allegation or claim regarding the infringement or misappropriation of intellectual property rights related to our products and services, we may be required to indemnify such customers and business partners. Further, we may be forced to challenge the patents of our competitors, either in conjunction with defending an infringement claim or separately, in order to protect our rights to sell our current and future products. If we were required to take one or more such actions, our business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, any litigation or other disputes, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management's attention.

We expect to incur research and development costs and devote significant resources to our research and development efforts, which could significantly reduce our profitability.

Our future growth depends on penetrating new markets, adapting existing products to new customer requirements, and introducing new products that achieve market acceptance. In 2021, 2022 and 2023, we incurred research and development expenses of US$1.7 million, US$2.8 million and US$4.1 million, respectively. We plan to incur significant research and development costs in the future as part of our efforts to design, develop, manufacture and introduce new products and enhance existing products. Further, our research and development program may not produce successful results, and products in our product roadmap may not achieve market acceptance, create additional revenue or become profitable.

Our technology could have undetected defects, errors or bugs in hardware or software which could reduce market adoption, damage our reputation with current or prospective customers, and/or expose us to product liability and other claims that could materially and adversely affect our business.

We may be subject to claims that chargers have malfunctioned and persons were injured or purported to be injured due to latent defects. Any insurance that we carry may not be sufficient or it may not apply to

all situations. Similarly, to the extent that such malfunctions are related to components obtained from third-party suppliers or OEMs, such suppliers or OEMs may not assume responsibility for such malfunctions. Any of these events could adversely affect our brand reputation, and thus adversely affect our business, results of operations, financial condition and prospects.

Our software system may contain latent defects or errors. In addition, if our products and services, including any upgrades or updates, are not implemented or used correctly or as intended, inadequate performance and disruptions in service may result. Any defects or errors in product or service offerings, or the perception of such defects or errors, or other performance problems could result in any of the following, each of which could adversely affect our business, results of operations, financial condition and prospects:

- expenditure of significant financial and product development resources, including recalls, in efforts to analyze, correct, eliminate or work around errors or defects;
- loss of existing or potential customers or partners;
- interruptions or delays in sales;
- equipment replacements and product recalls;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- delay in the development or release of new functionality or improvements;
- negative publicity and reputational harm;
- exposure of confidential or proprietary information;
- diversion of development and customer service resources;
- breach of warranty claims;
- legal claims under applicable laws, rules and regulations; and
- expenses and risks of litigation.

We also face the risk that any contractual protections we seek to include in our agreements with customers are rejected, not implemented uniformly or may not fully or effectively protect from claims by customers, business partners or other third parties. In addition, any insurance coverage or indemnification obligations of suppliers for our benefit may not adequately cover all such claims, or cover only a portion of such claims. A successful product liability, warranty, or other similar claim could have an adverse effect on our business, results of operations, financial condition and prospects. In addition, even claims that ultimately are unsuccessful could result in expenditure of funds in litigation, divert management's time and other resources and cause reputational harm.

Failure to comply with data protection laws and regulations may adversely affect our business.

National and local governments and agencies in the countries in which we operate and in which our customers operate have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, storage, disclosure, and other processing of information regarding customers and other individuals, which could impact our ability to offer services in certain jurisdictions. Laws and regulations relating to the collection, use, disclosure, security, and other processing of individuals' information can vary significantly from jurisdiction to jurisdiction and are particularly stringent in Europe. The costs of compliance with, and other burdens imposed by, laws, regulations, standards, and other obligations relating to privacy, data protection, and information security are significant. In addition, some companies, particularly larger enterprises, often will not contract with suppliers that do not meet these rigorous standards. Accordingly, the failure, or perceived inability, to comply with these laws, regulations, standards, and other obligations may limit the use and adoption of our solutions, reduce overall demand, lead to regulatory investigations, litigation, and significant fines, penalties, or liabilities for actual or alleged noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business. Moreover, if we or any of our employees fail or are believed to fail to adhere to appropriate practices regarding customers' data, our reputation and brand may be damaged.

Additionally, existing laws, regulations, standards, and other obligations may be interpreted in new and differing manners in the future and may be inconsistent among jurisdictions. Future laws, regulations, standards, and other obligations, and changes in the interpretation of existing laws, regulations, standards, and other obligations could result in increased regulation, increased costs of compliance and penalties for noncompliance, and limitations on data collection, use, disclosure, and transfer for us and our customers. The European Union and United States agreed to several framework agreements for data transferred from the European Union to the United States, but these framework agreements have been challenged and declared invalid by the Court of Justice of the European Union each time. Currently, there is no valid framework agreement for data transfers from the European Union to the United States, and vice versa, thereby creating additional legal risks for us. Additionally, the European Union adopted the GDPR in 2016, and it became effective in May 2018. The GDPR establishes requirements applicable to the handling of personal data and imposes penalties for noncompliance of up to the greater of €20 million or 4% of worldwide revenue. The costs of compliance with, and other burdens imposed by, the GDPR may limit the use and adoption of our products and services and could have an adverse impact on our business.

The costs of compliance with, and other burdens imposed by, laws and regulations relating to privacy, data protection, and information security that are applicable to the businesses of customers may adversely affect our ability and willingness to handle, store, use, transmit and otherwise process certain types of information, such as demographic and other personal information. In addition to government activity, privacy advocacy groups, the technology industry, and other industries have established or may establish various new, additional, or different self-regulatory standards that may place additional burdens on technology companies. Customers may expect that we will meet voluntary certifications or adhere to other standards established by them or third parties. If we are unable to maintain these certifications or meet these standards, it could reduce demand for our solutions and adversely affect our business.

Our results of operations and financial condition are likely to fluctuate in future periods, which could cause our results for a particular period to fall below expectations, resulting in a decline in the price of the ADSs.

Our financial condition and results of operations have fluctuated in the past and may continue to fluctuate in the future due to a variety of factors, many of which are beyond our control.

In addition to the other risks described herein, the following factors could also cause our financial condition and results of operations to fluctuate on a quarterly basis:

- the timing and volume of new sales;
- the timing of new charger rollouts;
- weaker than anticipated demand for our products and services, whether due to changes in government incentives and policies or due to other conditions;
- fluctuations in sales and marketing, business development or research and development expenses;
- supply chain interruptions and manufacturing or delivery delays;
- the timing and availability of new products and services relative to customers' and investors' expectations;
- the impact of COVID-19 on our workforce, or those of our customers, suppliers, or business partners;
- disruptions in sales, production, service or other business activities or our inability to attract and retain qualified personnel;
- unanticipated changes in local or foreign government incentive programs, which can affect demand for EVs;
- seasonal fluctuations in driving patterns.

Fluctuations in operating results and cash flow could, among other things, give rise to short-term liquidity issues. In addition, revenue, and other operating results may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the price of the ADSs.

Changes to applicable tax laws and regulations or exposure to additional tax liabilities could adversely affect our after-tax profitability and financial results.

We are currently subject to income taxes in Europe, the United States and China. With the expansion of our business, we may also in the future become subject to income taxes in other foreign jurisdictions. Our effective income tax rate could be adversely affected by a number of factors, including changes in deferred tax assets and liabilities, changes in tax laws, changes in accounting and tax standards or practices, changes in the composition of operating income by tax jurisdiction and changes in our operating results before taxes. We plan to regularly assess these matters to determine the adequacy of our tax liabilities. If any of our assessments are ultimately determined to be incorrect, our business, results of operations, financial condition and prospects could be materially adversely affected.

Due to the complexity of multinational tax obligations and filings, we may have a heightened risk related to audits or examinations by taxing authorities in the jurisdictions in which we operate. Outcomes from these audits or examinations could have a material adverse effect on our business, results of operations, financial condition and prospects. We may also be adversely affected by changes in the relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions, and interpretations thereof, in each case, possibly with retroactive effect.

We have identified two material weaknesses in our internal control over financial reporting. If we are unable to remediate the material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting, this may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting in accordance with the requirements applicable to a U.S. public company. In connection with the audit of our consolidated financial statements included elsewhere in this prospectus, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, 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.

The material weaknesses identified relate to (i) our lack of sufficient competent financial reporting and accounting personnel with appropriate understanding of U.S. GAAP and financial reporting requirements set forth by the SEC to formalize, design, implement and operate key controls over financial reporting process in order to prepare, review and report financial information, and to address complex U.S. GAAP accounting issues and related disclosures, in accordance with U.S. GAAP and SEC financial reporting requirements; and (ii) the failure to establish formal policies and procedures on relevant general information technology controls (GITCs). For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Internal Control over Financial Reporting." Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weaknesses, we have taken measures and plan to continue to take measures to remediate these deficiencies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Internal Control over Financial Reporting." However, the implementation of these measures may not fully address such weaknesses and deficiencies in our internal control over financial reporting. Our failure to correct these deficiencies or our failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

Upon completion of this offering, we will become a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we include a report from management on 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. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal control over financial reporting 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 or more material weaknesses or deficiencies in our internal control over financial reporting. In addition, 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. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of the ADSs. 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 our consolidated financial statements for prior periods.

The EV charger market currently benefits from the availability of rebates, tax credits and other financial incentives from governments, utilities and others to offset our operating cost. The reduction, modification or elimination of such benefits could adversely affect our financial results.

The governments in the jurisdictions in which we operate provide incentives to end users and purchasers of EV chargers in the form of rebates, tax credits, and other financial incentives, such as payments for regulatory credits. The EV charger market relies on these governmental rebates, tax credits, and other financial incentives to significantly lower the effective price of EV chargers. However, these incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as a matter of regulatory or legislative policy. If we are not eligible for grants or other incentives under such programs, while our competitors are, it may adversely affect our competitiveness or results of operation.

We may grant share-based awards in the future, which may result in increased share-based compensation expenses and have an adverse effect on our future profitability.

We adopted a series of share incentive plans, including the 2023 Share Incentive Plan and 2023 Share Incentive Plan II, for the purpose of granting share-based compensation awards to our key employees, directors, and other eligible persons. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to the 2023 Share Incentive Plan was 150,000,000 ordinary shares, and all such share awards have been granted and have vested as of the date of this prospectus. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to the 2023 Share Incentive Plan II was 445,198,950 ordinary shares, and none of such share awards have been granted as of the date of this prospectus. See "Management — Share Incentive Plan."

We believe the granting of share-based compensation awards is important to our ability to attract and retain key personnel and employees, and we may grant share-based compensation awards in the future. As a result, we may incur expenses associated with share-based compensation, which may have a material and

adverse effect on our financial condition and results of operations. Our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plan will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees. In case we decide to reserve and issue additional shares under our share incentive plan, your interests in our company will be further diluted by such issuance.

We may face certain liquidity risks. We have recorded negative cash flows from operating activities historically and may experience liquidity problems in the future.

We have recorded negative cash flows from operating activities historically. In 2021, 2022 and 2023, we recorded negative cash flow of US$6.5 million, positive cash flow of US$0.8 million and negative cash flow of US$5.6 million, respectively, from operating activities. As of December 31, 2023, we had US$15.7 million in cash and cash equivalents and US$32 thousand in restricted cash. We cannot assure you that we will not experience cash outflows in the future, which may adversely affect our business, financial condition, results of operations and prospects.

We cannot assure you that we will not experience working capital deficiencies or accumulated deficits in the future, which could expose us to liquidity risks. If we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure, and our business, financial condition, results of operations and prospects will be adversely affected.

RISKS RELATED TO REGULATIONS

There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in the jurisdictions in which we operate. In addition, such laws, rules and regulations are continually evolving.

We are subject to differing and sometimes conflicting laws and regulations in the various jurisdictions in which we operate, and because the laws, rules and regulations often give the relevant regulator discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations also involve uncertainties. In addition, new laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. For example, as the EV charger industry is relatively new, laws and regulations in this industry are still evolving. Any failure or perceived inability to comply with current or future laws, regulations, standards, and other obligations, to the extent applicable to us, may lead to regulatory investigations, litigation, and significant fines, penalties, or liabilities for actual or alleged noncompliance.

The PRC government may promulgate new laws and regulations that could impact our operations from time to time. Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties. In addition, the PRC government has recently promulgated laws and regulations on securities offerings conducted overseas and foreign investment in China- based issuers, which could result in a material change in our operations and the value of our securities.

The PRC government has oversight and discretion over the conduct of our business and may intervene with or influence our operations at any time by adopting new laws and regulations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition, results of operations and prospects.

Our PRC operating subsidiaries are incorporated under and governed by the laws of the PRC. Our operations in the PRC are governed by PRC laws and regulations. However, since the PRC legal system continues to evolve rapidly and the PRC governmental authorities may continue to promulgate new laws and regulations regulating our business, we cannot assure you that our business operations would not be deemed to violate any existing or future PRC laws or regulations, which in turn may limit or restrict us, and could materially and adversely affect our business and operations. For example, recently the PRC government initiated a series of regulatory actions and statements to regulate business operations in China, including cracking down on illegal activities in the securities market, strengthening supervision on overseas

listings by China-based companies, adopting new measures to extend the scope of cybersecurity reviews and data security protection, and expanding the efforts in anti-monopoly enforcement.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have discretion in interpreting and implementing statutory and contractual terms, it may be difficult to predict the outcome of a judicial or administrative proceeding. Furthermore, the PRC legal system is based, in part, on government policies and other forms of guidance. As a result, we may not always be aware of any potential violation of these policies and rules. These uncertainties may adversely affect our contractual, property and procedural rights, which could adversely affect our business, financial condition, results of operations and prospects.

Furthermore, the PRC government has also recently promulgated laws and regulations on securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

Moreover, if China adopts more stringent standards with respect to environmental protection or corporate social responsibilities, we may incur increased compliance costs or become subject to additional restrictions in our operations. In addition, we cannot predict the effects of future developments in the PRC legal system on our business operations, including the promulgation of new laws, or changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to us and our investors, including you. Moreover, any litigation in China may be protracted and result in additional costs and diversion of our resources and management's attention.

The approval, filing or other administrative requirements of the China Securities Regulatory Commission or other PRC government authorities may be required in connection with this offering under PRC law. Furthermore, the PRC government has recently promulgated laws and regulations on overseas securities offerings and other capital markets activities and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

We are subject to certain CSRC filing requirements. On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, the State Administration of Taxation or the SAT, the State Administration for Industry and Commerce, currently known as the SAMR, the CSRC, and the State Administration of Foreign Exchange, or SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, effective on September 8, 2006, which were amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle that is controlled by PRC domestic companies or individuals and that has been formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic companies or assets obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

The PRC government has recently promulgated laws and regulations on overseas securities offerings and other capital markets activities and foreign investment in China-based companies. See "Regulation — PRC — Regulations Relating to Overseas Listing" for more details. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and five relevant guidelines on the application of Overseas Listing Trial Measures, effective on March 31, 2023, requiring Chinese domestic companies' overseas securities offerings or listings be filed with the CSRC. Pursuant to Overseas Listing Trial Measures, a filing-based regulatory system will be applied to both "direct" and "indirect" overseas offering or listing of PRC domestic companies. The "indirect overseas offering or listing" of PRC domestic companies refers to such securities offering or listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. If the issuer meets the following conditions, the offering or listing shall be

determined as an indirect overseas offering or listing by a domestic company: (i) more than 50% 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 accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in PRC, or its main place(s) of business are located in mainland China, or the senior managers in charge of its business operation and management are mostly PRC citizens or domiciled 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, pursuant to the guidelines on the application of Overseas Listing Trial Measures, where an issuer submits a confidential application for offering and listing to competent overseas regulators, such issuer may submit an explanation to the CSRC at the time of filing and apply for postponement of publication of the filing information, and such issuer shall notify the CSRC within three business days after the application documents for offering and listing are published overseas. We have submitted the relevant filing documents with the CSRC in connection with this offering. We have submitted the relevant filing documents with the CSRC in connection with this offering and the CSRC published the notification on our completion of the required filing procedures for this offering on December 27, 2023. The aforementioned notice also indicates that if any significant events occur during the period from the date of issuance of this filing notice to the completion of this offering, we shall report through the filing management information system of the CSRC in accordance with the relevant provisions on overseas offering and listing by domestic enterprises. If we fail to complete this offering within 12 months from the date of issuance of this filing notice, we are required to update the filing materials. If such circumstances occur, we cannot guarantee we will be able to fulfill the obligation to report such events to the CSRC, update the filing materials or meet relevant requirements from the CSRC in a timely manner or at all. As a result, we may be ordered to rectify, warned or imposed fines by the CSRC. Also the directly responsible person-in-charge and other directly responsible persons of such PRC domestic company may be warned and imposed a fine up to RMB 5.0 million, and the controlling shareholders and the actual controllers of such PRC domestic company that organize or instruct the aforementioned violations shall be imposed a fine up to RMB10.0 million. As a result, any failure of us to fully comply with the Overseas Listing Trial Measures may cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our business, results of operations, financial condition and prospects. It may also limit or completely hinder our ability to offer or continue to offer ADSs and/or other securities to investors and cause the value of such securities to significantly decline or be worthless. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur. Any uncertainties or negative publicity regarding such approval requirements could materially and adversely affect the trading price of our ordinary shares and the ADSs.

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 PRC companies seeking overseas offering or listing. In addition to the aforementioned filing procedures with the CSRC, if the CSRC or other PRC regulatory authorities subsequently determines that we need to obtain their approval or complete other administrative procedures for this offering, or if such government authorities promulgate any interpretation or implement rules that would require us to obtain approvals from the CSRC or other regulatory authorities or complete other required administrative procedures for this offering, it is uncertain whether we can or how long it will take us to obtain such approval or complete such administrative procedures, or obtain any waiver of aforesaid requirements if and when procedures are established to obtain such waiver. Any failure to obtain or delay in obtaining such approval or completing such required administrative procedures for this offering, or a rescission of any such approval obtained by us, could subject us to sanctions by the CSRC or other PRC regulatory agencies. In any such event, these regulatory authorities may also impose fines and other penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into the PRC or take other actions that could adversely affect our business, operating results and financial condition, as well as our ability to offer or continue to offer securities to investors.

We may become subject to cybersecurity review by the CAC in the future.

The Revised Cybersecurity Review Measures provide that an online platform operator, which possesses personal information of at least one million users, must apply for a cybersecurity review by the CAC if it

intends to be listed in foreign countries. We do not expect to possess over one million users' personal information prior to the completion of this offering. Based on existing PRC laws and regulations and our communication with the relevant PRC authority, as advised by Fangda Partners, our PRC legal counsel, we do not believe that we are subject to the cybersecurity review by the CAC in connection with this offering. As of the date of this prospectus, we have not been involved in any investigations or become subject to a cybersecurity review initiated by any regulatory authorities based on the Revised Cybersecurity Review Measures, and we have not received any warnings or sanctions in such respect or any regulatory objections to this offering from any regulatory authorities. However, we cannot assure you that the CAC would take the same view as we do, and there is no assurance that we can fully or timely comply with such laws. If we were deemed to be an "operator of critical information infrastructure" or a "data processor" controlling personal information of no less than one million users under the Revised Cybersecurity Review Measures, or if other regulations promulgated in relation to the Revised Cybersecurity Review Measures are deemed to apply to us, our securities offerings in the U.S. could be subject to cybersecurity review by the CAC, in the future. In the event that we are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we face uncertainty as to whether any clearance or other required actions can be completed in a timely manner or at all, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The audit report included in this prospectus is prepared by an auditor which the PCAOB was unable to inspect and investigate completely before 2022 and, as such, our investors had been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future.

Our auditor, the independent registered public accounting firm that issues the audit report included in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess such firms' compliance with the applicable professional standards. Our auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. If in the future, the PCAOB again concludes that it is unable to inspect and investigate completely registered public accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to conduct audit work, we and our investors in the ADSs would be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of accounting firms registered with the PCAOB in China in the past makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside China that are subject to the PCAOB inspections, which could cause investors and potential investors in the ADSs to lose confidence in the quality of work performed by our independent registered public accounting firm and the company's financial statements.

The ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect and investigate completely auditors located in China. The prohibition from trading the ADSs, or the threat of their being prohibited from trading, may cause the value of the ADSs to significantly decline or be worthless.

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, which was signed into law on December 18, 2020 and amended by the Consolidated Appropriations Act, 2023 signed into law on December 29, 2022, if the SEC determines that we have filed audit reports issued by a registered public accounting firm from a jurisdiction where the PCAOB is unable to conduct inspections and investigations for two consecutive years, the SEC will prohibit our ordinary shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. The Consolidated Appropriations Act, 2023 reduced the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two years.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect and investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15,

2022, the PCAOB vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Therefore, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file our annual report on Form 20-F after becoming a public company.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer after we file our annual report on Form 20-F after becoming a public company. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if the PCAOB were unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China for two consecutive years in the future. In the event of such prohibition, our securities could potentially be delisted by the Nasdaq.

If our ordinary shares and the ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our ordinary shares will develop outside the United States. Such a prohibition would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, results of operations, financial condition and prospects.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

We receive a portion of revenue in Renminbi. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a considerable portion of our revenues in Renminbi. Under our current corporate structure, we mostly rely on dividend payments from our subsidiaries, including our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us. We also face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC

individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. In addition, pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of this offering. Failure to complete the SAFE registrations may subject them to fines and legal sanctions, and there may be additional restrictions on their ability to exercise their stock options or remit proceeds gained from sale of their stock into the PRC.

We have requested shareholders or beneficial owners who directly or indirectly hold shares in our Cayman Islands company and are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC individuals or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by SAFE regulations. In addition, concerning the uncertainty of the application of SAFE Circular 37, some of our current beneficial owners who are PRC residents may not be able to complete or update their SAFE registrations to address the changes of their offshore interest in a timely manner, or at all. Any failure or inability by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares or restricted share units vest, will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their share options, restricted shares or restricted share units. In addition, the sales of the ADSs or shares held by such PRC individual employees after their exercise of the options, or the vesting of the restricted shares or restricted share units, are also subject to PRC individual income tax. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their income taxes according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. On October 17, 2017, the SAT issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. 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. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these bulletins, or to establish that our company should not be taxed under these bulletins, which may have a material adverse effect on our financial condition and results of operations.

If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued a circular, known as SAT Circular 82, which was amended on 2017, 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 this circular 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 the circular may reflect the SAT's general position 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 and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC.

We do not believe our company or any of our subsidiaries outside the PRC are PRC resident enterprises for PRC tax purposes. 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." If the PRC tax authorities determine that our company (or any of our subsidiaries outside China) is a PRC resident enterprise for enterprise income tax purposes, our company (or such subsidiaries) will be subject to PRC enterprise income on its worldwide income at the rate of 25%. Furthermore, if we are treated as a PRC tax resident enterprise we will be required to withhold a 10% withholding tax from dividends we pay to our shareholders (including ADS holders) that are non-resident enterprises. In addition, non-resident enterprise shareholders (including ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of the ADSs or Class A ordinary shares, if such gain is treated as derived from a PRC source. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including ADS holders) and any gain realized on the sale or other disposition of the ADSs or Class A ordinary shares by such shareholders

(including ADS holders) may be subject to PRC tax at a rate of 20% (which in the case of dividends may be withheld at source). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders (including ADS holders) of our company would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

RISKS RELATED TO OUR INTERNATIONAL OPERATIONS

We face risks associated with our international operations and supply chain, including unfavorable regulatory, political, tax, labor, pandemic and market conditions and other risks, which could adversely affect our business, results of operations, financial condition and prospects.

We are and will be subject to a number of risks associated with international business activities that may increase our costs, impact our ability to expand on a global basis, and require significant management attention. These risks include:

- difficulty in staffing and managing foreign operations;
- difficulties in attracting customers and users in new jurisdictions;
- the Europe, U.S., China and foreign government taxes, regulations, and permit requirements;
- fluctuations in foreign currency exchange rates and interest rates;
- the Europe, U.S., China and foreign government trade restrictions, tariffs, and price or exchange controls;
- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions, and other regulatory limitations on our ability to provide our services and products in certain international markets;
- attract, recruit, and retain talents internationally;
- the Europe, U.S., China and foreign labor laws, regulations, and restrictions;
- the Europe, U.S., China and foreign laws, regulations, and restrictions related to constructions, environment protection, real properties, and intellectual properties;
- changes in diplomatic and trade relationships;
- political instability, natural disasters, war or events of terrorism; and
- the strength of international economies

If we fail to successfully address these risks, our business, results of operations, financial condition and prospects could be materially harmed.

Changes to trade policy, tariffs, and import/export regulations may adversely affect our business, results of operations, financial condition and prospects.

Changes in global political, regulatory and economic conditions, or in laws and policies governing foreign trade, manufacturing, development, and investment in the territories or countries where we currently purchase components, seek to offer our solutions, or conduct our business, could adversely affect our business, results of operations, financial condition and prospects. The U.S. has recently instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the United States, economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the United States and other countries. A number of other nations have proposed or instituted similar measures directed at trade with the United States in response. In addition, additional sanctions or comparable trade barriers as regards China are under discussion by the EU and the German legislator. As a result of these developments, there may be greater restrictions and economic disincentives on international trade that could adversely affect our business. It may

be time consuming and expensive for us to alter our business operations to adapt to or comply with any such changes, and any failure to do so could have a material adverse effect on our business, financial condition and results of operations.

As we expand our operations to international markets, we may become subject to various restrictions under applicable export control laws and regulations. Changes in our solution offerings, technologies, or changes in export and import laws, may delay the introduction and growth of our business in international markets, prevent our customers with international operations from using our services or, in some cases, prevent the access or use of our services to and from certain countries, governments, persons, or entities altogether. Further, any change in export or import regulations or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technology targeted by such regulations could result in decreased use of our services or in our decreased ability to export or sell our services to existing or potential customers with international operations. Any decreased use of our services or products or limitation on our ability to export or sell our services or products would likely harm our business, results of operations, financial condition and prospects.

Our products are subject to numerous standards and regulations which may materially and adversely affect our business, results of operations, financial condition and prospects. The current lack of certainty and alignment in international standards and regulations may lead to multiple production variants of the same product, products failing customer testing, retrofit requirements for already fielded products, litigation with customers facing retrofit expenses, additional test and compliance expenses and further unexpected costs, and we may not be able to comply with new standards and regulations on a competitive timeline or at all.

Emerging industry standards for EV chargers, coupled with utilities and other large organizations mandating their own adoption of specifications that may not become widely adopted in the industry, may hinder innovation or slow new product or new feature introduction. Countries may also establish conflicting standards and regulations, increasing product development and compliance costs, delaying deliveries to customers and reducing profitability by introducing additional complexity and lack of standardization of production processes.

Further, should regulatory bodies later impose a standard that is not compatible with our infrastructure, we may incur significant costs to adapt our business model to the new regulatory standard, which may require significant time and, as a result, may have a material adverse effect on our business, results of operations, financial condition and prospects.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our management named in the prospectus based on foreign laws.

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands. We conduct the majority of our operations in markets such as Europe, North America and Asia. In addition, some of our senior executive officers reside within these jurisdictions for a significant portion of the time and some of them are nationals of such countries. As a result, it may be difficult for our shareholders to effect service of process upon us or those persons outside the United States.

The SEC, U.S. Department of Justice and other U.S. authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets. Legal and other obstacles to obtaining information needed for investigations or litigation or to obtaining access to funds outside the United States, lack of support from local authorities, and other various factors make it difficult for the U.S. authorities to pursue actions against non-U.S. companies and individuals, who may have engaged in fraud or other wrongdoing. Additionally, public shareholders investing in the ADSs have limited rights and few practical remedies in emerging markets where we operate, as shareholder claims that are common in the United States, including class actions under securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets. As a result of all of the above, you may have more difficulties in protecting your interests in your emerging market investments.

RISKS RELATED TO THE ADSS AND THIS OFFERING

An active trading market for our ordinary shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.

[We have been approved to list the ADSs on the Nasdaq]. We have no current intention to seek a listing for our ordinary shares on any stock exchange. Prior to the completion of this offering, there has been no public market for the ADSs or our ordinary shares, and we cannot assure you that a liquid public market for the ADSs will develop. The initial public offering price for the ADSs was determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of the ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs, and may not be able to resell the ADSs at or above the price they paid, or at all.

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

After becoming a public company, we expect to incur significant legal, accounting and other expenses that we did not incur as a private company. These additional costs could negatively affect our financial results. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the Nasdaq, may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts to comply with new laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase our ADS price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in Germany that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our net revenues, earnings and cash flows;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- announcements of new regulations, rules or policies relevant to our business;
- additions or departures of key personnel;

- our controlling shareholder's business performance and reputation;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class-action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class-action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such 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 have a material adverse effect on our business, results of operations, financial condition and prospects.

Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.

The initial public offering price of the ADSs is substantially higher than the net tangible book value per ADS. Therefore, if you purchase the ADSs in this offering, you will pay a price per ADS that substantially exceeds our pro forma net tangible book value per ADS after this offering. Based on the initial public offering price of $ per ADS, you will experience immediate dilution of $ per ADS, representing the difference between our pro forma net tangible book value per ADS after giving effect to this offering at the initial public offering price. See "Dilution" for more details.

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

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, or no analysts publish reports on us at all, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future, subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. There will be ADSs (representing Class A ordinary shares) issued and outstanding immediately after this offering, or ADSs (representing Class A ordinary shares) if the underwriters exercise their option to purchase additional ADSs in full. In connection with this offering, we, our directors, executive officers, existing shareholders and holders of share-based awards have agreed, subject to certain exceptions, not to sell any ordinary shares or the ADSs for 180 days. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs. See "Underwriting" and "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling our securities after this offering.

Techniques employed by short sellers may drive down the market price of the ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market. Much of the scrutiny and negative publicity have centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of the listed companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in the ADSs could be greatly reduced or even rendered worthless.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may pay a dividend out of either profit or a share premium account, provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business.

Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs, and you may even lose your entire investment in the ADSs.

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 Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our 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 shareholders to take action against our directors, actions by our 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 be narrower in scope or less developed than they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, 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. In addition, while under Delaware law, controlling shareholders owe fiduciary duties to the companies they control and their minority shareholders, under Cayman Islands law, our controlling shareholders do not owe any such fiduciary duties to our company or to our minority shareholders. Accordingly, our controlling shareholders may exercise their powers as shareholders, including the exercise of voting rights in respect of their shares, in such manner as they think fit, subject only to very limited equitable constraints. One of the examples of such constraint is that the exercise of voting rights to amend the memorandum or articles of association of a Cayman Islands company must be exercised in good faith for the benefit of the company as a whole.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, special resolutions which have been passed by shareholders, register of mortgages and charges) or to obtain copies of lists of shareholders of these companies. Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. Our directors have discretion under our articles of association that will become effective immediately prior to completion of this offering to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder 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. If we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

In addition, we conduct our business operations in multiple jurisdictions in addition to the United States. The SEC, the U.S. Department of Justice, or the DOJ, and other authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers. Additionally, our public shareholders may have limited rights and few practical remedies in the other jurisdictions where we operate, as shareholder claims that are common in the United States, including class action suits based on securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many other jurisdictions.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act (As Revised) of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital — Differences in Corporate Law.”

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company with limited liability with no business operations and substantially all of our assets are located outside the United States. Most of our current operations are conducted in Germany. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal 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 jurisdictions where we operate may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws, see "Enforceability of Civil Liabilities."

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the State of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other owners or holders of the ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under U.S. federal securities laws, you or such other owners or holders may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary, and may lead to increased costs to bring a claim. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any owner or holder of the ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

The voting rights of holders of the ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the Class A ordinary shares underlying the ADSs.

As a holder of the ADSs, you will not have any direct right to attend general meetings of our company or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the Class A ordinary shares underlying the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Upon receipt of your voting instructions, the depositary may try to vote the Class A ordinary shares underlying the ADSs in accordance with your instructions. If we request the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with those instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you cancel the ADSs and withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the shares underlying the ADSs and become the registered holder of such shares

prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our amended and restated articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will notify you of the upcoming vote and deliver our voting materials to you, if we ask it to do so. We cannot assure you that you will receive the voting materials in time to ensure you can direct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying the ADSs are voted and you may have no legal remedy if the shares underlying the ADSs are not voted as you requested.

Under the deposit agreement, if no voting instruction from you is received, the depositary may give us a discretionary proxy to vote the Class A ordinary shares underlying the ADSs at shareholders' meetings if we have timely provided the depositary with notice of meeting and related voting materials, the depositary does not receive voting instructions from you by the specified date with respect to a question to be voted upon, and we confirm to the depositary that (i) we wish to receive a proxy to vote uninstructed shares, (ii) we reasonably do not know of any substantial shareholder opposition to a particular question, and (iii) the particular question is not materially adverse to the interests of shareholders.

The effect of this discretionary proxy is that you cannot prevent our Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may adversely affect your interests and make it more difficult for ADS holders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

You may be subject to limitations on the transfer of the ADSs.

The ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties and in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Our proposed dual-class share structure with different voting rights, as well as the concentration of our share ownership among executive officers, directors and principal shareholders, may limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.

We have adopted a dual-class share structure such that our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares, which is conditional upon, and will become effective immediately prior to the completion of this offering. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. We will sell Class A ordinary shares represented by the ADSs in this offering. For more information, see "Description of Share Capital."

Mr. Yifei Hou, our director and chief executive officer, and Mr. Rui Ding, our chairman and chief technology officer, will beneficially own all of our issued and outstanding Class B ordinary shares immediately prior to the completion of this offering. These Class B ordinary shares will constitute approximately % of our total issued and outstanding share capital and % of the aggregate

voting power of our total issued and outstanding share capital immediately following the completion of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs.

As a result of this dual-class share structure and the concentration of control, upon completion of this offering, Mr. Yifei Hou and Mr. Rui Ding will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. In addition, our executive officers, directors, and principal shareholders and their affiliated entities together beneficially own approximately % of our outstanding ordinary shares on an as-converted basis immediately after the completion of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs. These shareholders may take actions that are not in the best interest of us or our other shareholders. This concentration of control may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. It will also limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for the current or any future taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in the ADSs or Class A ordinary shares.

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of these calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, investment gains, and certain rents and royalties. Cash and cash equivalents are generally treated as passive assets. Goodwill generally is treated as an active asset to the extent associated with activities that generate active income.

Based on the expected composition of our income and assets and the estimated value of our assets, including goodwill, which is based in part on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year. Specifically, our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill, which may be determined in part by reference to our market capitalization, which could be volatile). Because following this offering we are expected to hold a substantial amount of cash, we may be or become a PFIC for any taxable year if our market capitalization declines or fluctuates significantly. Accordingly, we cannot assure U.S. investors in the ADSs or Class A ordinary shares that we will not be a PFIC for the current or any future taxable year.

If we are a PFIC for any taxable year during which a U.S. investor owns the ADSs or Class A ordinary shares, the U.S. investor generally will be subject to adverse U.S. federal income tax consequences, including increased taxes on gains and certain distributions as well as reporting requirements. U.S. investors should consult their tax advisers regarding our possible status as a PFIC. See "Taxation — Material U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Rules."

Under certain attribution rules, our non-U.S. subsidiaries are expected to be treated as controlled foreign corporations for U.S. federal income tax purposes, and, as a result, there could be adverse U.S. federal income tax consequences to U.S. investors that own our ADSs or Class A ordinary shares (directly or indirectly) and are treated as "Ten Percent Shareholders."

Certain "Ten Percent Shareholders" (as defined below) in a non-U.S. corporation that is a controlled foreign corporation (a "CFC") for U.S. federal income tax purposes generally are required to include in income for U.S. federal income tax purposes their pro rata share of the CFC's "Subpart F income," investment of earnings in U.S. property and "global intangible low taxed income," even if the CFC has made no distributions to its shareholders. A non-U.S. corporation generally will be a CFC for U.S. federal income

tax purposes if Ten Percent Shareholders own, directly, indirectly or constructively (through attribution), more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a United States person (as defined by the U.S. Internal Revenue Code of 1986, as amended) that owns directly or indirectly, or is considered to own constructively, 10% or more of the total combined voting power of all classes of stock entitled to vote of such corporation or 10% or more of the total value of the stock of such corporation. We are not expected to be a CFC. However, the determination of CFC status is complex and includes certain "downward attribution" rules pursuant to which our non-U.S. subsidiaries are expected to be treated as constructively controlled by our U.S. subsidiary and therefore our non-U.S. subsidiaries are expected to be treated as CFCs. We do not intend to provide information to Ten Percent Shareholders that may be required in order for those shareholders to properly report their U.S. taxable income with respect to our or our subsidiaries' operation. Prospective investors that may be or become Ten Percent Shareholders who directly or indirectly own our ADSs or Class A ordinary shares should consult their tax adviser with respect to the potential adverse tax consequences of investing in us.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies, including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

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 applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q, quarterly certifications by the principal executive and financial officers or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, 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. For example, U.S. domestic issuers are required to file annual reports within 60 to 90 days from the end of each fiscal year. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As an exempted 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 corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As an exempted company incorporated in the Cayman Islands and listed on the Nasdaq, we are subject to corporate governance listing standards of Nasdaq. However, Nasdaq rules permit a foreign

private issuer like 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 corporate governance listing standards. We currently intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have: (i) a majority of independent directors; (ii) a nominating/corporate governance committee composed entirely of independent directors; and (iii) regularly scheduled executive sessions with only independent directors each year. To the extent that we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This prospectus contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this prospectus can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this prospectus and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Risk Factors” in this prospectus. These risks and uncertainties include factors relating to:

- our goals and strategies;
- our expected development and introduction, and market acceptance, of our products and services;
- our future business development, financial condition and results of operations;
- the expected growth in, and market size of, the global EV charger industry;
- expected changes in our revenue, costs or expenditures;
- our expectations regarding demand for and market acceptance of our brand, products and services;
- our expectations regarding growth in our customers and level of engagement;
- our ability to attract, retain and monetize our customer base;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- our expectation regarding the use of proceeds from this offering;
- growth of and trends of competition in our industry;
- government policies and regulations relating to our industry; and
- general economic and business conditions of the markets in which we have businesses.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

USE OF PROCEEDS

We expect to receive total estimated net proceeds from this offering of approximately US$ million, or approximately US$ million if the underwriters exercise their option to purchase additional ADSs in full, based on the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for the following purposes:

- approximately 50% for investment in our planned new manufacturing facility in Texas, including expenditures in land leases, construction and renovation, procurement of equipment, among others.
- approximately 20% for research and development, especially the development of energy management and battery management technologies;
- approximately 20% for our global market expansion; and
- approximately 10% to supplement our working capital for general corporate purposes.

If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus.

DIVIDEND POLICY

We have not previously declared or paid any cash dividend or dividend in kind. We do not have any present plan to pay any cash dividends on our Class A ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our Class A ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders who will receive payment to the same extent as holders of our Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including net of the fees and expenses payable thereunder. See “Description of American Depositary Shares.”

We are a company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we rely upon payments from our operating entities. We rely on a combination of dividend payments from our subsidiaries in markets we operate. Regulations in local jurisdictions where we utilize dividend payments may restrict the ability of our subsidiaries to pay dividends to us.

See Regulation — PRC — Regulations Relating to Foreign Exchange and Dividend Distribution — Regulations on Dividend Distributions,” and “Risk Factors — Risks Related to The ADSs and This Offering — Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment.”

CAPITALIZATION

The table below sets forth our capitalization as of December 31, 2023:

- on an actual basis;
- on a pro forma basis to give effect to (i) the conversion of the convertible notes issued to Mobility Innovation Fund, LLC and Wuxi Shenqi Leye Private Equity Funds Partnership L.P. into our series B+ preference shares, which were subsequently converted on January 11, 2024; (ii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding, except for the 741,254,447 ordinary shares beneficially owned by Mr. Yifei Hou, our director and chief executive officer, and Mr. Rui Ding, our chairman and chief technology officer, into Class A ordinary shares on a one-for-one basis effective immediately prior to the completion of this offering; and (iii) the re-designation of 741,254,447 ordinary shares beneficially owned by Mr. Yifei Hou and Mr. Rui Ding into Class B ordinary shares on a one-for-one basis effective immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to give effect to (i) the conversion of the convertible notes issued to Mobility Innovation Fund, LLC and Wuxi Shenqi Leye Private Equity Funds Partnership L.P. into our series B+ preference shares, which were subsequently converted on January 11, 2024; (ii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding, except for the 741,254,447 ordinary shares beneficially owned by Mr. Yifei Hou and Mr. Rui Ding into Class A ordinary shares on a one-for-one basis effective immediately prior to the completion of this offering; (iii) the re-designation of 741,254,447 ordinary shares beneficially owned by Mr. Yifei Hou and Mr. Rui Ding into Class B ordinary shares on a one-for-one basis effective immediately prior to the completion of this offering; and (iv) the issuance and sale of Class A ordinary shares represented by the ADSs by us in this offering, and the receipt of approximately US$ million in estimated net proceeds, considering an offering price of US$ per ADS (the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus), after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2023		
	Actual	Pro forma	Pro forma as adjusted[(1)]
	US$	US$	US$
Short-term bank borrowings	**5,560,027**	**5,560,027**	
Convertible debts	**12,516,331**	**2,367,838**	
Mezzanine Equity			
Series Angel preference shares (US$0.00001 par value, 37,500,000 shares authorized, issued and outstanding, on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	1,176,340	—	
Series Angel redeemable preference shares (US$0.00001 par value, 37,500,000 shares authorized, issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	1,176,340	—	
Series A redeemable preference shares (US$0.00001 par value, 300,000,000 shares authorized, issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	8,043,015	—	

	As of December 31, 2023		
	Actual	Pro forma	Pro forma as adjusted[1]
	US$	US$	US$
Series A+ redeemable preference shares (US$0.00001 par value, 118,971,900 shares authorized, issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	3,795,370	—	
Series B redeemable preference shares (US$0.00001 par value, 602,372,700 shares authorized, issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	25,825,948	—	
Series B+ redeemable preference shares (US$0.00001 par value, 204,195,160 shares authorized, nil issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis, nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	—	—	
Total mezzanine equity	**40,017,013**	—	
SHAREHOLDERS' EQUITY (DEFICIT)			
Ordinary shares (US$0.00001 par value; 3,728,605,400 shares authorized, 806,200,500 shares issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis; nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	8,062	—	
Class A ordinary shares (US$0.00001 par value; nil shares authorized, issued and outstanding on an actual basis; 4,258,745,553 shares authorized, 1,498,318,164 shares issued and outstanding on a pro forma basis, 4,258,745,553 shares authorized, shares issued and outstanding on a pro forma as adjusted basis)	—	14,983	
Class B ordinary shares (US$0.00001 par value; nil shares authorized, issued and outstanding on an actual basis; 741,254,447 shares authorized, issued and outstanding on a pro forma basis, 741,254,447 shares authorized, issued and outstanding on a pro forma as adjusted basis)	—	7,413	
Series Seed preferred shares (US$0.00001 par value; 175,050,000 shares authorized, issued and outstanding on an actual basis; nil shares authorized, issued and outstanding on a pro forma basis; nil shares authorized, issued and outstanding on a pro forma as adjusted basis)	2,000,000	—	
Additional paid-in capital[3]	6,563,764	58,714,936	
Accumulated other comprehensive income	1,824,365	1,824,365	
Accumulated deficit	(40,432,886)	(40,432,886)	
Total shareholders' equity (deficit)[3]	**(30,036,695)**	**20,128,811**	
Total capitalization[2][3]	**28,056,676**	**28,056,676**	

Note:

(1) The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, total shareholders' deficit and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.

(2) Total capitalization is equal to the sum of short-term bank borrowings, convertible debts, total mezzanine equity and total shareholders' equity (deficit).

(3) A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per ADS (the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus), would increase (decrease) each of additional paid-in capital, total shareholders' equity, and total capitalization by US$ million, assuming the number of Class A ordinary shares represented by the ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us.

The discussion above does not take into consideration the impact after December 31, 2023 resulting from the future exercise of the warrants held by an affiliate of SPD Silicon Valley Bank to subscribe for certain numbers of Class A ordinary shares in connection with the short-term bank borrowings from SPD Silicon Valley Bank. See Note 8 to the Consolidated Financial Statements appended to this prospectus for details.

DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2023 was negative US$30.1 million, or negative US$0.04 per ordinary share and US$ per ADS. Net tangible book value represents the amount of our consolidated assets, less intangible assets, the amount of our total consolidated liabilities and total mezzanine equity. Dilution is determined by subtracting net tangible book value per ordinary share as adjusted from the initial public offering price per ordinary share.

Without taking into account any other changes in such net tangible book value after December 31, 2023, other than to give effect to (i) the conversion of the convertible notes issued to Mobility Innovation Fund, LLC and Wuxi Shenqi Leye Private Equity Funds Partnership L.P. into our series B+ preference shares, which were subsequently converted on January 11, 2024; (ii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding, except for the 741,254,447 ordinary shares beneficially owned by Mr. Yifei Hou, our director and chief executive officer, and Mr. Rui Ding, our chairman and chief technology officer, into Class A ordinary shares on a one-for-one basis effective immediately prior to the completion of this offering, and (iii) the issuance and sale of Class A ordinary shares represented by the ADSs by us in this offering, and the receipt of approximately US$ million in estimated net proceeds, considering an offering price of US$ per ADS (the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus), after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2023 would have been approximately US$ million, or US$ per ordinary share and US$ per ADS, to existing shareholders and an immediate dilution in net tangible book value of US$ per ordinary share, or US$ per ADS, to purchasers of ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Initial public offering price	US$	US$
Net tangible book value as of December 31, 2023	US$(0.04)	US$
Pro forma net tangible book value after giving effect to (i) the conversion of the convertible notes issued to Mobility Innovation Fund, LLC and Wuxi Shenqi Leye Private Equity Funds Partnership L.P. into our series B+ preference shares, which were subsequently converted on January 11, 2024; and (ii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding	US$0.01	US$
Pro forma net tangible book value as adjusted to give effect to (i) the conversion of the convertible notes issued to Mobility Innovation Fund, LLC and Wuxi Shenqi Leye Private Equity Funds Partnership L.P. into our series B+ preference shares, which were subsequently converted on January 11, 2024; (ii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding; and (iii) this offering	US$	US$
Amount of dilution in net tangible book value to new investors in this offering	US$	US$

The following table summarizes, on a pro forma basis as of December 31, 2023, the differences between the existing shareholders and the new investors with respect to the number of ordinary shares purchased from us in this offering, the total consideration paid and the average price per ordinary share paid at the initial public offering price of US$ per ADS, the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include the ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount (in thousands of US$)	Percent	US$	US$
Existing shareholders						
New investors						
Total						

The pro forma information discussed above is illustrative only.

The discussion above does not take into consideration the impact after December 31, 2023 resulting from the future exercise of the warrants held by an affiliate of SPD Silicon Valley Bank to subscribe for certain numbers of Class A ordinary shares in connection with the short-term bank borrowings from SPD Silicon Valley Bank. See Note 8 to the Consolidated Financial Statements appended to this prospectus for details. To the extent that any of such warrants are exercised, there will be further dilution to new investors.

ENFORCEABILITY OF CIVIL LIABILITIES

Cayman Islands

We were incorporated in the Cayman Islands in order to enjoy the following benefits:

- 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 developed body of securities laws as compared to 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 memorandum and articles of association 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.

Most of our current operations are conducted through our subsidiaries in local jurisdictions, including Europe, the United States and China, and substantially all of our assets are located outside the United States. In addition, most of our current directors and officers are nationals and residents of countries other than the United States, and substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon 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 Cogency Global Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, GÖRG Partnerschaft von Rechtsanwälten mbB , our counsel as to German law, and Fangda Partners, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands, Germany and China, respectively, 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.

Maples and Calder (Hong Kong) LLP has informed us that there is uncertainty with regard to Cayman Islands law related to whether a judgment obtained from the U.S. courts under civil liability provisions of U.S. securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company, such as our company. As the courts of the Cayman Islands have yet to rule on making such a determination in relation to judgments obtained from U.S. courts under civil liability provisions of U.S. securities laws, it is uncertain whether such judgments would be enforceable in the Cayman Islands. Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands is not a party to any treaties for the reciprocal enforcement or recognition

of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law 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.

Germany

GÖRG Partnerschaft von Rechtsanwälten mbB, our counsel as to German law, has advised us that there is uncertainty as to whether courts in Germany will enforce judgments obtained in other jurisdictions, including the United States and PRC, against us or our directors and officers under the securities laws of those jurisdictions or entertain actions in Germany against our directors and officers under the securities laws of other jurisdictions.

In addition, awards of punitive damages, awards for damages for moral injury or non-financial harm, or other cases of excessive damages in actions brought in the United States or elsewhere may not be enforceable in Germany. Neither the United States and Germany nor the PRC and Germany currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters.

PRC

We have been advised by Fangda Partners, our PRC legal counsel, that there is uncertainty as to whether the courts of the PRC would enforce judgments of United States courts or Cayman Islands courts obtained against us or these persons predicated upon the civil liability provisions of the United States federal and state securities laws. Fangda Partners has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on 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 us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company for disputes relating to contracts or other property interests in the PRC, if they can establish a sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit.

However, it would be difficult for foreign shareholders to establish a sufficient nexus to the PRC for a PRC court to have jurisdiction pursuant to the PRC Civil Procedures Law by virtue only of holding the ADSs or Class A ordinary shares.

CORPORATE HISTORY AND STRUCTURE

Corporate History

XCHG Limited (formally known as Xevd Limited) was incorporated in the Cayman Islands on December 16, 2021.

We trace our history back to the founding of X-Charge Technology, a private limited liability company incorporated under the laws of PRC in 2015, which owns 100% equity interests in XCharge Europe prior to the consummation of the Restructuring. XCharge Europe was established in 2018 under the laws of Germany. We currently conduct all of our businesses through subsidiaries.

Restructuring

In connection with this offering, we have completed certain corporate reorganization transactions, including, through a series of intermediary holding companies to acquire 100% of the equity interest in X-Charge Technology, and issuing new shares of our company to the beneficial owners of X-Charge Technology (the "Existing Equityholders") or their affiliates, such that an offshore shareholding structure could be established. Upon the consummation of the Restructuring, all Existing Equityholders of X-Charge Technology obtained an equity interest in XCHG Limited in proportion to their respective equity ownership in X-Charge Technology immediately prior to the Restructuring. We refer to such reorganization transactions collectively as the "Restructuring" in this prospectus.

The following table sets forth the details of ownership structure of X-Charge Technology and XCHG Limited immediately before and after the completion of the Restructuring:

Equityholders of X-Charge Technology	Equity Interests Percentages in X-Charge Technology Pre-Restructuring	Type of Equity	Shareholders of XCHG Limited	Shareholding Percentages in XCHG Limited Post-Restructuring (on a fully-diluted basis assuming all ordinary shares under the share incentive plan are outstanding)	Type of Shares
Yifei Hou	11.3704%	Ordinary equity	Future EV Limited*	11.3704%	Ordinary shares
Rui Ding	20.2142%	Ordinary equity	Next EV Limited*	20.2142%	Ordinary shares
Beijing Xcharge Management Consulting Centre (Limited Partnership)	7.2199%	Ordinary equity	Shares reserved under the share incentive plan	7.2199%	Ordinary shares (upon vesting)
Suzhou Eastern Bell Longyu Startup Investment Center L.P.	1.8050%	Series Angel Preference Equity	Shanghai Dingbei Enterprise Management Consulting L.P.*	1.8050%	Series Angel Preference Shares
Suzhou Eastern Bell III Startup Investment Center L.P.	1.8050%	Series Angel Preference Equity	Shanghai Dingpai Enterprise Management Consulting L.P.*	1.8050%	Series Angel Preference Shares

Equityholders of X-Charge Technology	Equity Interests Percentages in X-Charge Technology Pre-Restructuring	Type of Equity	Shareholders of XCHG Limited	Shareholding Percentages in XCHG Limited Post-Restructuring (on a fully-diluted basis assuming all ordinary shares under the share incentive plan are outstanding)	Type of Shares
Zhen Partners IV (HK) Limited	4.2128%	Series Seed Preference Equity	Zhen Partners Fund IV L.P.*	4.2128%	Series Seed Preference Shares
Foshan Hegao Zhixing XIV Equity Investment Center L.P.	4.2128%	Series Seed Preference Equity	Foshan Hegao Zhixing XIV Equity Investment Center L.P.	4.2128%	Series Seed Preference Shares
GGV (Xcharge) Limited	11.5518%	Series A Preference Equity	GGV (Xcharge) Limited	11.5518%	Series A Preference Shares
Zhen Partners IV (HK) Limited	2.8880%	Series A Preference Equity	Zhen Partners Fund IV L.P.*	2.8880%	Series A Preference Shares
GGV (Xcharge) Limited	0.9162%	Series A+ Preference Equity	GGV (Xcharge) Limited	0.9162%	Series A+ Preference Shares
Zhen Partners IV (HK) Limited	0.5632%	Series A+ Preference Equity	Zhen Partners Fund IV L.P.*	0.5632%	Series A+ Preference Shares
Xiamen Jiyuan Ronghui Investment Management L.P.	4.2470%	Series A+ Preference Equity	Shanghai Yuanyan Enterprise Management Consulting L.P.*	4.2470%	Series A+ Preference Shares
Beijing Foreign Economic and Trade Development Guidance Fund L.P.	12.5232%	Series B Preference Equity	Beijing Foreign Economic and Trade Development Guidance Fund L.P.	12.5232%	Series B Preference Shares
Shell Ventures Company Limited	9.5516%	Series B Preference Equity	Shell Ventures Company Limited	9.5516%	Series B Preference Shares
Chengdu Peikun Jingrong Venture Capital Partnership L.P.	3.1839%	Series B Preference Equity	Chengdu Peikun Jingrong Venture Capital Partnership L.P.	3.1839%	Series B Preference Shares

Equityholders of X-Charge Technology	Equity Interests Percentages in X-Charge Technology Pre-Restructuring	Type of Equity	Shareholders of XCHG Limited	Shareholding Percentages in XCHG Limited Post-Restructuring (on a fully-diluted basis assuming all ordinary shares under the share incentive plan are outstanding)	Type of Shares
Chengdu Peikun Songfu Technology Partnership L.P.	1.0613%	Series B Preference Equity	Chengdu Peikun Songfu Technology Partnership L.P.	1.0613%	Series B Preference Shares
Beijing China-US Green Investment Center L.P.	2.6739%	Series B Preference Equity	Beijing China-US Green Investment Center L.P.	2.6739%	Series B Preference Shares

* Affiliate of the equityholder of X-Charge Technology

Summary of the Restructuring Steps

(i) Mr. Ding and Mr. Hou canceled their respective equity interests in X-Charge Technology in exchange for ordinary shares of XCHG Limited. Immediately after the completion of the Restructuring, Next EV Limited, an affiliate of Mr. Ding, held 419,970,000 ordinary shares of XCHG Limited, and Future EV Limited, an affiliate of Mr. Hou, held 236,230,500 ordinary shares of XCHG Limited. Upon completion of the Restructuring, all existing preference equityholders of X-Charge Technology received preference shares of XCHG Limited, either directly or by exercise of warrants, mirroring their respective equity interest and rights in X-Charge Technology.

(ii) Prior to the Restructuring, Beijing X-charge Management Consulting Centre (Limited Partnership) canceled its 7.2199% equity interests in X-Charge Technology, which served as share-based awards for future grants to employees. Prior to the Restructuring, X-Charge Technology did not grant any such share-based awards. In June 2023, XCHG Limited adopted a share incentive plan, or the 2023 Share Plan, under which the maximum number of ordinary shares which may be issued accounts for 7.2199% of share capital of XCHG Limited (or 150,000,000 ordinary shares) on a fully-diluted basis, assuming all ordinary shares under the share incentive plan are outstanding. As of the date of this prospectus, all share awards for an aggregate of 150,000,000 ordinary shares have been granted pursuant to the 2023 Share Plan.

(iii) Depending on the applicability of certain PRC foreign exchange regulatory procedures and requirements, the existing preference equityholders of X-Charge Technology canceled their respective equity interests in X-Charge Technology in exchange for either cash proceeds equal to their original investment in X-Charge Technology or preference shares of XCHG Limited;

  (a) With respect to certain existing preference equityholders of X-Charge Technology who are required to complete certain PRC foreign exchange regulatory procedures before they are permitted to acquire preference shares of XCHG Limited, X-Charge Technology transferred cash to certain Existing Equityholders of X-Charge Technology in an amount equal to their original investment in X-Charge Technology in exchange for their equity interests in X-Charge Technology. The aggregate amount of cash transfers in connection with the Restructuring amounted to approximately RMB188.9 million. In connection with the transfer, XCHG Limited also issued

warrants to such Existing Equityholders of X-Charge Technology (or their affiliates) to purchase preference shares of XCHG Limited, with a total purchase price amounting to RMB188.9 million. The warrant arrangements were contemplated solely to facilitate the completion of the Restructuring. Specifically, these Existing Equityholders were required to complete certain PRC foreign exchange regulatory procedures (which were administrative in nature and completed on June 30, 2023) before they or their affiliates were permitted to acquire preference shares of XCHG Limited. The warrants, in substance, served the purpose of ensuring they will continue to retain substantially the same equity holder rights during the interim period, if any, until they exercised the warrants to acquire preference shares of XCHG Limited. The exercise price of the warrants held by each of such Existing Equityholders (or their affiliates) equals their respective cash proceeds received from the cancellation of equity interests in X-Charge Technology. The details of the warrant issuances are summarized in the table below:

Name of Warrant Holder	Number of Warrant Shares	Series of Preference Shares
Shanghai Dingbei Enterprise Management Consulting L.P.	37,500,000	Series Angel Preference Shares
Shanghai Dingpai Enterprise Management Consulting L.P.	37,500,000	Series Angel Preference Shares
Shanghai Yuanyan Enterprise Management Consulting L.P.	88,235,400	Series A+ Preference Shares
Beijing Foreign Economic and Trade Development Guidance Fund L.P.	260,180,400	Series B Preference Shares
Shell Ventures Company Limited	198,442,800	Series B Preference Shares
Chengdu Peikun Jingrong Venture Capital Partnership L.P.	66,147,600	Series B Preference Shares
Chengdu Peikun Songfu Technology Partnership L.P.	22,049,100	Series B Preference Shares
Beijing China-US Green Investment Center L.P.	55,552,800	Series B Preference Shares
Foshan Hegao Zhixing XIV Equity Investment Center L.P.	87,525,000	Series Seed Preference Shares

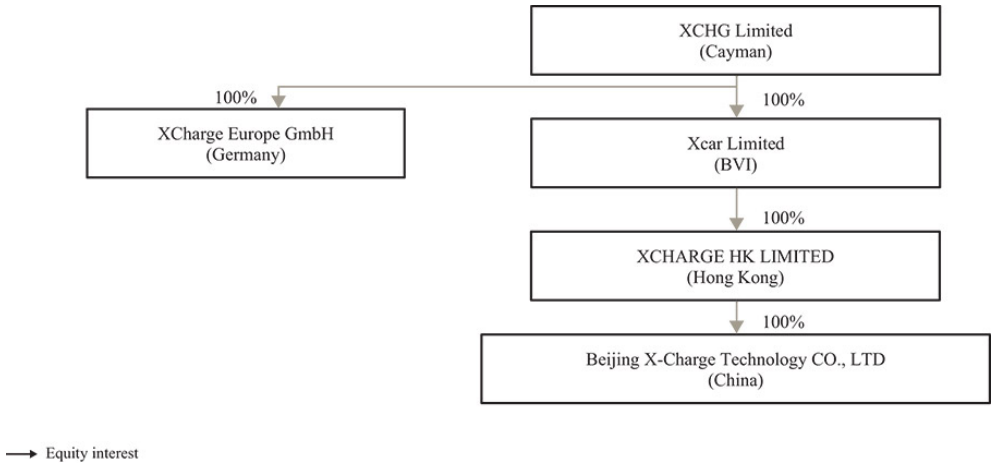
On June 30, 2023, XCHG Limited granted the warrants to the Existing Equityholders (or their affiliates) of X-Charge Technology who are required but yet to complete certain PRC foreign exchange regulatory procedures. On the same date, all of the warrant holders listed in the table above exercised their warrants in full and accordingly because the relevant PRC foreign exchange regulatory procedures were completed on the same date, and XCHG Limited issued such number of preference shares to such warrant holders.

(b) With respect to the existing preference equityholders of X-Charge Technology who are not required to complete such PRC foreign exchange regulatory procedures, XCHG Limited directly issued preference shares to them or their affiliates, as consideration in exchange for the respective equity interests that they held in X-Charge Technology. The details of such shares are summarized as follows:

Name of Shareholder Not Required to Complete PRC Foreign Exchange Regulatory Procedures	Number of Shares	Series of Preference Shares
Zhen Partners Fund IV L.P.	87,525,000	Series Seed Preference Share
Zhen Partners Fund IV L.P.	60,000,000	Series A Preference Shares
GGV (Xcharge) Limited	240,000,000	Series A Preference Shares
Zhen Partners Fund IV L.P.	11,700,900	Series A+ Preference Shares
GGV (Xcharge) Limited	19,035,600	Series A+ Preference Shares

Corporate Structure

The following diagram illustrates our corporate structure, including all of our significant subsidiaries, immediately upon the completion of this offering.



SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The following selected consolidated statements of comprehensive income (loss) and cash flows data for the years ended December 31, 2021, 2022 and 2023, summary consolidated balance sheets data as of December 31, 2022 and 2023 have been derived from audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Historical Financial Information section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

Selected Consolidated Statements of Comprehensive Income

The following table presents our selected consolidated statements of comprehensive income (loss) data for the years ended December 31, 2021, 2022 and 2023.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenues	13,156	100.0	29,424	100.0	38,512	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(20,938)	(54.4)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	**17,574**	**45.6**
Operating expenses:						
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(6,433)	(16.7)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(4,061)	(10.6)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(14,025)	(36.4)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	**(24,519)**	**(63.7)**
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	**(6,518)**	**(16.9)**
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	**(8,084)**	**(21.0)**
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	**(8,084)**	**(21.0)**
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	**(7,040)**	**(18.3)**

Selected Consolidated Balance Sheets

The following table presents our selected consolidated balance sheet data as of December 31, 2022 and 2023.

	As of December 31,	
	2022	2023
	US$	US$
	(in thousands)	
Cash and cash equivalents	8,338	15,661
Restricted cash	332	32
Accounts receivable, net	7,560	12,495
Amounts due from related parties	3,611	1,671
Inventories	6,230	6,657
Prepayments and other current assets	2,112	3,229
Total current assets	**28,183**	**39,745**
Total assets	**29,139**	**40,960**
Short-term bank borrowings	4,123	5,560
Accounts payable	6,630	5,750
Contract liabilities	2,810	1,332
Operating lease liabilities – current	236	294
Convertible debts	—	12,516
Financial liability	242	247
Accrued expenses and other current liabilities	3,952	5,028
Total current liabilities	**17,993**	**30,727**
Total liabilities	**18,291**	**30,980**
Total mezzanine equity	**38,894**	**40,017**
Total shareholders' deficit	**(28,046)**	**(30,037)**
Total liabilities, mezzanine equity and shareholders' deficit	**29,139**	**40,960**

Selected Consolidated Statements of Cash Flows

The following table presents our selected consolidated cash flow data for the years ended December 31, 2021, 2022 and 2023.

	For the Year Ended December 31,		
	2021	2022	2023
	US$	US$	US$
	(in thousands)		
Net cash provided by (used in) operating activities	(6,479)	849	(5,576)
Net cash provided by (used in) investing activities	(4,843)	1,222	2,266
Net cash provided by financing activities	15,189	2,278	10,743
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(411)
Net increase in cash, cash equivalents and restricted cash	4,015	3,842	7,022
Cash, cash equivalents and restricted cash at the beginning of the year	813	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year	4,828	8,670	15,693

Non-GAAP Financial Measures

We consider adjusted net income (loss), a non- GAAP financial measure, as a supplemental measure to review and assess our operating performance. The presentation of this non-GAAP financial measure is not

intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of this non-GAAP measure facilitates investors' assessment of our operating performance.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. This non-GAAP financial measure has limitations as an analytical tool. One of the key limitations of using this non-GAAP financial measure is that it does not reflect all items of income and expense that affect our operations. Further, this non-GAAP measure may differ from the non-GAAP information used by other companies, including peer companies, and therefore its comparability may be limited. We compensate for these limitations by reconciling this non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Adjusted Net Income (Loss)

We define adjusted net income (loss) as net income (loss) excluding share-based compensation and changes in fair value of financial instruments.

The following table reconciles our adjusted net income (loss) for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is net income (loss):

	For the Year Ended December 31,		
	2021	2022	2023
	US$	US$	US$
	(in thousands, except for percentages)		
Net income (loss)	**(2,067)**	**1,610**	**(8,084)**
Add:			
share-based compensation	—	—	7,457
Changes in fair value of financial instruments	12	191	1,472
Adjusted net income (loss)	**(2,055)**	**1,801**	**845**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Operating and Financial 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. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We offer comprehensive EV charging solutions which primarily include the DC fast chargers named the C6 series and the C7 series, the advanced battery-integrated DC fast chargers which we call Net Zero Series ("NZS"), as well as our accompanying services. Our integrated solution combining proprietary charging technology, energy storage technology and accompanying services significantly improves EV charging efficiency and unlocks the value of energy storage and management. We were a leading high power charger supplier in Europe by sales volume in 2023, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators.

The increasing adoption of EV and renewable energy has brought fundamental changes to the demand and supply of electricity. Not only has electricity demand increased in aggregate, peak demand patterns have also changed. In addition, the intermittent nature of renewable energy generation has led to greater energy supply fluctuation. As a result, there is an imminent need for energy storage solutions to balance electricity demand and supply in order to increase energy utilization and reduce the pressure of grids. According to Frost & Sullivan, the global market size for energy storage by revenue is expected to reach US$170.0 billion by 2028.

As a pioneer in the EV charger industry, we believe EV charging is essentially an energy management business that uses innovative technologies and creative solutions to tackle energy problems. Leveraging our established fast charging technology, as well as our in-house proprietary energy storage system ("ESS") technology, we have pioneered a unique advanced battery-integrated EV charging solution, NZS. NZS chargers integrate DC fast chargers with lithium-ion batteries and our proprietary energy management system, storing power when it is generally more available (for example, during nighttime) and discharging power when the demand is high (for example, during daytime).

Our NZS solution enables fast charging at low power locations or vis-à-vis aged grid infrastructures (which typically are not compatible with fast charging equipment) with no significant site improvements or grid upgrades needed. With the unique "plug-and-play" design, our NZS chargers are easy to install and highly deployable in locations where conventional fast chargers cannot be installed, for example national parks, parking lots or communities with insufficient power capacity. Therefore, we believe that our NZS solution is able to address a larger market, which cannot be reached by conventional fast chargers.

Our NZS solution is one of the earliest and currently one of the very few commercialized EV chargers designed with a Battery-to-Grid ("B2G") function, according to Frost & Sullivan. It enables energy to be purchased during off-peak hours at lower prices, and sold back to the grid during peak hours at higher prices, enabling operators to generate profit even if no vehicle is charging. With this unique feature, our customers can achieve a return even before considering the utilization of the EV charger itself. This increases the overall return on investment ("ROI") for our customers. At the core of our NZS solution is our proprietary energy management system ("EMS"), which automatically optimizes energy supply and usage across the grids, batteries and EVs.

As we pursue the digitalization of EV charging solutions, our proprietary software system aims to provide customers with comprehensive solutions catering to different and evolving needs in the EV era, as well as to offer superior user experience. Our software system features an intuitive user interface, where our customers can monitor and control every key detail of the charging network easily, including real-time safety

monitoring, traffic settings, and data analysis. We offer upgrades to our software system over-the-air ("OTA") to provide more functions and enhance user experience.

Our "charger-as-a-service" business model enables us to achieve highly visible revenue streams from repeated purchases from our blue-chip customers. Complementary to the initial sales of products, we generate recurring revenue from the accompanying services throughout the entire life cycle. As the number of installed chargers grows, we expect recurring revenue to account for an increasing portion of our total revenue. In addition, our NZS solution is expected to create new commercialization opportunities for us. For example, with the B2G function, NZS chargers can sell energy back to the grid during peak hours.

We have formed key customer relationships and partnerships with EV manufacturers, global energy players, charge point operators and EV fleets. With our NZS solution, we can essentially penetrate the areas where conventional fast chargers cannot be installed given the grid constraint. This creates opportunities for us to extend our customer base to a broader group that cannot be reached by conventional fast chargers.

We have established global presence with offices, R&D centers and sales centers in Europe, the Americas and Asia. We currently deploy our solutions primarily in Europe while we also recognize revenue from other regions, including the United States, China, Brazil and Chile. As of December 31, 2023, our R&D team included 70 personnel based in Germany and China. For production, we primarily rely on OEMs to manufacture our products. By using OEMs, we are able to commercialize our products with quality assurance at a higher speed and lower upfront costs. It also gives us greater flexibility to adjust and scale up according to demand. In addition, we plan to construct our manufacturing plant in the United States, which is expected to be ready for manufacture operation by the end of 2024.

In 2021, 2022 and 2023, we recognized revenue on 807, 1,934 and 1,688 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million and US$38.5 million, respectively, and our gross margin was 35.2%, 36.4% and 45.6%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million and net loss of US$8.1 million in 2021, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, adjusted net income of US$1.8 million and adjusted net income of US$0.8 million, respectively. For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures."

Factors Affecting Our Performance

Our business and results of operations are affected by the macroeconomic factors, including but not limited to overall economic growth rates globally, the penetration rate of EV chargers, regulatory, tax and geopolitical environments, the stability of our supply chain as well as costs of raw materials and components. Changes in any of these general factors may affect the sales of our products as well as our results of operations and financial condition. Besides these general factors, we believe the following specific factors may have a more direct impact and may continue to affect our operation and financial performance.

Introduction and commercialization of new products and services

The introduction and commercialization of new products and services are important to our results of operations and financial condition. For example, the NZS chargers are anticipated to serve as a critical cornerstone of our future financial performance, and the continued promotion of NZS chargers is expected to exert a material impact on our financial performance. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators. The release of innovative products, such as the NZS chargers, is poised to provide us with entry to previously untapped markets and clienteles, thereby fostering potential growth in our future revenue streams.

Retention of existing customers and expansion of new customers

Our capacity to sustain good business relationships with existing customers and attract new customers are crucial to our financial performance. We have formed business relationships and partnerships with global

energy players. We expect to further enhance our relationships with existing customers and attract new customers with our expansive sales and marketing efforts, as well as our innovative products, such as NZS.

Diverse revenue sources and additional revenue streams

We have established multiple sources of revenue, which include the initial sales of products, and recurring revenue from accompanying services, including software system upgrades and hardware maintenance. As the number of installed chargers grows, we expect recurring revenue to account for an increasing portion of our total revenue. In addition, with the Battery-to-Grid ("B2G") function, our NZS solution is expected to create new revenue opportunities for us.

Operating efficiency

Our ability to attain operating efficiency, while scaling up our business, is critical to achieving profitability. We shall prioritize the optimization of our hiring plans and marketing activities to ensure long-term success without incurring excessive operating expenses that may have an adverse impact on our overall financial performance and profitability. Maintaining reasonable operating expenses is key to our success, and we shall continually strive to find the most efficient and cost-effective means of achieving our goals.

Foreign currency exchange fluctuation

Our operations involve transactions denominated in different currencies. Consequently, fluctuations in foreign exchange rates could impact our financial performance. To achieve sustained financial success, managing foreign exchange risk is paramount for us. We shall remain vigilant in monitoring currency fluctuations and developing sound strategies to minimize the impact of such fluctuations on our operations.

Impact of COVID-19

To varying degrees, our business operations have been affected by the COVID-19 outbreak. For example, during the outbreak of COVID-19, the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers was disrupted, which adversely impacted the accompanying demand for our chargers. As of the date of this prospectus, the COVID-19 pandemic has not resulted in a material adverse impact on our supply chain or business operations. Nonetheless, in the event of a re-occurrence or outbreak of any health pandemics, and if we cannot effectively mitigate the risks posed by such health pandemics, our operations will be negatively impacted. See "Risk Factors — Risks Related to Our Business — We face risks related to health pandemics, including the COVID-19 pandemic, which could have a material adverse effect on our business, results of operations, financial condition and prospects." We have been optimizing our supply chain management, and our efforts include entering into framework agreements with certain suppliers to strengthen business relationship, diversifying our supplier base, and expanding our manufacturing capabilities, among others.

Key Components of Results of Operations

Revenues

We derive our revenues from two sources, namely (i) product revenues; and (ii) service revenues. In 2021, 2022 and 2023, our revenues amounted to US$13.2 million, US$29.4 million and US$38.5 million, respectively. The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenues						
Product revenues	12,542	95.3	28,745	97.7	38,052	98.8
Service revenues	614	4.7	679	2.3	460	1.2
Total	**13,156**	**100.0**	**29,424**	**100.0**	**38,512**	**100.0**

Product revenues. We generate revenues from the sales of our products. We typically recognize the revenue at a point in time when the products are accepted by customers. In 2021, 2022 and 2023, our product revenues amounted to US$12.5 million, US$28.7 million and US$38.1 million, respectively, representing 95.3%, 97.7% and 98.8% of our total revenues in the same periods, respectively. We anticipate that our revenue generated from product revenues will continue to increase in absolute amount.

Service revenues. Complementary to the initial sales of products, we also offer accompanying services throughout the entire life cycle, including both software system upgrades and hardware maintenance. We start to charge our customers for the services after an inclusion period of one to two years following the sale. We typically recognize the revenue over the period of such services on a straight-line basis. In 2021, 2022 and 2023, most of our products sold were still within the inclusion period of one to two years following the sale. Our service revenues amounted to US$0.6 million, US$0.7 million and US$0.5 million in 2021, 2022 and 2023, respectively, representing 4.7%, 2.3% and 1.2% of our total revenues in the same periods, respectively. The decrease in service revenues as percentages of total revenues was mainly due to the significant increase in our product revenues during the same periods. As the number of installed chargers grows, we expect recurring service revenues to account for an increasing portion of our total revenues in the long run.

See "Business — Our Solutions" for details about how we generate our revenues.

Cost of Revenues

Our cost of revenues consists of the costs and expenses that are directly related to providing our products and services to our customers. These costs and expenses include (i) cost of products sold, (ii) shipping costs, and (iii) others. In 2021, 2022 and 2023, our cost of revenues amounted to US$8.5 million, US$18.7 million and US$20.9 million, respectively, representing 64.8%, 63.6% and 54.4% of our revenues in the same periods, respectively. The following table sets forth our cost of revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Cost of revenues						
Cost of products sold	7,259	55.2	16,723	56.8	18,143	47.1
Shipping costs	680	5.2	1,257	4.3	964	2.5
Others[(1)]	590	4.4	739	2.5	1,831	4.8
Total	**8,529**	**64.8**	**18,719**	**63.6**	**20,938**	**54.4**

Note:

(1) Primarily consist of warranty costs, write-downs of inventories and other costs.

We expect our cost of revenues to increase in absolute amount in line with our expansion of business and customer base growth, and to decrease as a percentage of our revenues in the long run through economies of scale and improvement of operating efficiency.

Gross Profit

Gross profit is equal to our total revenues less cost of revenues. Gross profit as a percentage of our total revenues is referred to as gross margin. In 2021, 2022 and 2023, our gross profit was US$4.6 million, US$10.7 million and US$17.6 million, respectively, and our gross margin was 35.2%, 36.4% and 45.6%, respectively.

Operating Expenses

Our operating expenses consist of selling and marketing expenses, research and development expenses, general and administrative expenses. In 2021, 2022 and 2023, our operating expenses amounted to US$6.6 million, US$9.1 million and US$24.5 million, respectively, representing 50.1%, 30.9% and 63.7% of our revenues in the same periods, respectively. The following table sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of our total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Operating expenses						
Selling and marketing expenses	2,423	18.4	3,516	11.9	6,433	16.7
Research and development expenses	1,711	13.0	2,816	9.6	4,061	10.6
General and administrative expenses	2,460	18.7	2,745	9.3	14,025	36.4
Total	**6,594**	**50.1**	**9,077**	**30.9**	**24,519**	**63.7**

Selling and marketing expenses. Selling and marketing expenses consist of (i) staff cost in relation to selling and marketing activities, and (ii) other selling and marketing expenses. In 2021, 2022 and 2023, our selling and marketing expenses amounted to US$2.4 million, US$3.5 million and US$6.4 million, respectively, representing 18.4%, 11.9% and 16.7% of our revenues in the same periods, respectively. The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of our total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Selling and marketing expenses						
Staff cost	1,967	15.0	2,887	9.8	4,329	11.2
Others[(1)]	456	3.4	629	2.1	2,104	5.5
Total	**2,423**	**18.4**	**3,516**	**11.9**	**6,433**	**16.7**

Note:

(1) Primarily consist of rental and depreciation in relation to selling and marketing functions, advertising costs and promotion expenses, and other expenses.

Research and development expenses. Research and development expenses consist of (i) staff cost in relation to research and development activities, and (ii) other research and development expenses. In 2021,

2022 and 2023, our research and development expenses amounted to US$1.7 million, US$2.8 million and US$4.1 million, respectively, representing 13.0%, 9.6% and 10.6% of our revenues in the same periods, respectively, The decrease in the research and development expenses as a proportion of our revenues from 2021 to 2022 was primarily driven by our improved research and development efficiency. The increase in the research and development expenses as a proportion of our revenues from 2022 to 2023 was primarily due to our enhanced investment in research and development. The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Research and development expenses						
Staff cost	1,470	11.2	2,201	7.5	3,147	8.2
Others[(1)]	241	1.8	615	2.1	914	2.4
Total	**1,711**	**13.0**	**2,816**	**9.6**	**4,061**	**10.6**

Note:

(1) Primarily consist of rental and depreciation in relation to research and development personnel, research and development materials, and other expenses.

General and administrative expenses. Our general and administrative expenses consist of (i) staff cost in relation to general and administrative activities, (ii) professional expenses paid to professional consultants, (iii) share based compensation, (iv) losses of credit impairment, (v) foreign currency exchange loss (gain) resulting from the exchange difference in remeasuring foreign currencies to the functional currency as of the relevant dates, (vi) issuance cost of the convertible debts, and (vii) other general corporate expenses**.** In 2021, 2022 and 2023, our general and administrative expenses amounted to US$2.5 million, US$2.7 million and US$14.0 million, respectively, representing 18.7%, 9.3% and 36.4% of our revenues in the same periods, respectively. The significant increase from 2022 to 2023 was primarily due to the increase in the share-based compensation and professional expenses in relation to reorganization, financing and this offering, which can not be capitalized. The following table sets forth a breakdown of our general and administrative expenses, in absolute amounts and as percentages of our total revenues, for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
General and administrative expenses						
Staff cost	980	7.4	1,446	4.9	2,097	5.4
Professional expenses	500	3.8	855	2.9	2,989	7.8
Share based compensation	—	—	—	—	7,457	19.4
Losses of credit impairment	268	2.0	335	1.1	192	0.5
Foreign currency exchange loss (gain)	174	1.3	(339)	(1.2)	(481)	(1.2)
Issuance cost of the convertible debts	—	—	—	—	429	1.1
Other general corporate expenses	538	4.2	448	1.6	1,342	3.5
Total	**2,460**	**18.7**	**2,745**	**9.3**	**14,025**	**36.4**

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income, corporation or capital gains tax in the Cayman Islands. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands.

PRC

Our subsidiaries in China are companies incorporated under PRC laws and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC EIT Law, which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Our PRC subsidiaries are subject to VAT at a rate of 6% on the services we provide and 13% on goods sold. Our PRC subsidiaries are also subject to surcharges on VAT payments in accordance with PRC law.

As a Cayman Islands company, we may receive dividends from our PRC subsidiary through Xcharge HK Limited. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In October 2019, the SAT issued Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits, or SAT Circular 35, which became effective on January 1, 2020. SAT Circular 35 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, Xcharge HK Limited may be able to benefit from the 5% withholding tax rate for the dividends it receives from its PRC subsidiary, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 35, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

If XCHG Limited or any of our subsidiaries outside China were deemed to be a "resident enterprise" under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

Germany

Our subsidiary in Germany is subject to German corporate income tax (*Körperschaftsteuer*) at a uniform rate of 15% plus the solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon, resulting in a total tax rate of 15.825%.

In addition, our German subsidiary is subject to trade tax (*Gewerbesteuer*) with respect to our taxable trade profit (*Gewerbeertrag*) from permanent establishments of our German subsidiary in Germany

(*inländische gewerbesteuerliche Betriebsstätten*). Trade tax is generally based on the taxable income as determined for corporate income tax purposes taking into account, however, certain add-backs and deductions. The trade tax rate depends on the local municipalities in which we maintain our permanent establishments. Dividends received from other corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner for trade tax purposes as for corporate income tax purposes. However, dividends received from domestic and foreign corporations (i.e., EU or non-EU corporations) are effectively 95% exempt from trade tax only if we hold at least 15% of the registered share capital of the distributing corporation at the beginning of the relevant tax assessment period.

The interest expenses of our German subsidiary are subject to the "interest barrier" (*Zinsschranke*) rules. When calculating taxable income of our German subsidiary, the interest barrier rules generally prevent our German subsidiary from deducting certain net interest expenses from our taxable income (i.e., the excess of interest expenses over interest income for a given fiscal year) to the extent such interest expenses exceed 30% of the current taxable EBITDA of the respective entity (taxable earnings adjusted for interest expense, interest income and certain depreciation/amortization and other reductions) if the net interest expense of our German subsidiary is equal to, or exceeds, €3 million (Freigrenze) and no other exceptions apply. Interest expenses that are not deductible in a given year may be carried forward to our subsequent fiscal years (interest carryforward) and will increase the interest expense in those subsequent years. EBITDA amounts that could not be utilized may, under certain conditions, be carried forward into future fiscal years. If such EBITDA carryforward is not used within five fiscal years it will be forfeited. An EBITDA carryforward that arose in an earlier year must be used before a carryforward that arose in a later year is used. For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of interest expenses plus certain other trade tax add back items exceeds €200,000.00. In such cases, 25% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the determination of the trade tax base.

Tax-loss carryforwards can be fully offset against taxable income for corporate income tax and trade tax purposes up to an amount of €1 million of such income. If the taxable profit for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset against tax-loss carryforwards. The remaining 40% is subject to tax (minimum taxation) (*Mindestbesteuerung*). The rules also provide for a tax carryback to the previous year with regard to corporate income tax up to an amount of €1 million. Unused tax-loss carryforwards may be generally carried forward indefinitely and used in subsequent assessment periods to be offset against future taxable income in accordance with this rule. According to recently enacted laws in force since March 18, 2021 or since July 1, 2020, each to provide COVID-19 tax support (*Drittes Corona-Steuerhilfegesetz, Zweites Corona-Steuerhilfegesetz* — "German COVID-19 Tax Laws"), tax loss carry-back for the assessment period 2021 are increased to €10.0 million.

If more than 50% of the subscribed capital or voting rights in a corporation are directly or indirectly transferred to an acquirer (including parties related to the acquirer) within five years or if comparable circumstances (including a capital increase of the subscribed capital to the extent that it causes a change of the interest ratio in the capital of the corporation), all tax loss carryforwards and interest carryforwards are generally forfeited. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any current annual losses incurred prior to the acquisition will not be deductible. The forfeiture of tax loss carryforward pursuant to the preceding rules does not apply to share transfers if (i) the acquirer directly or indirectly holds a participation of 100% in the transferring entity, (ii) the transferor indirectly or directly holds a participation of 100% in the receiving entity, or (iii) the same individual or legal entity or commercial partnership directly or indirectly holds a participation of 100% in the transferring and the receiving entity.

Furthermore, tax loss carryforwards, unused current losses and interest carryforwards taxable in Germany will not expire to the extent that they are covered by built in gains taxable in Germany at the time of such acquisition.

The full amount of a dividend distributed by our German subsidiary to us is generally subject to (final) German withholding tax at an aggregate rate of 26.375%. In case a tax treaty applies, the German withholding tax may not exceed the tax rate applicable to the treaty on the gross amount of the dividends received by us. The excess of the total withholding tax, including the solidarity surcharge (*Solidaritätszuschlag*) over the

maximum rate of withholding tax permitted by an applicable tax treaty can be refunded to us, provided that the requirements under the applicable treaty are fulfilled. Further, such refund is subject to the German anti-avoidance treaty shopping rules. However, if and to the extent our German subsidiary pays dividends sourced out of a tax recognized contribution account (*steuerliches Einlagekonto*), such dividends may not be subject to withholding tax (including the solidarity surcharge).

United States

Under the current U.S. federal corporate income tax law, our subsidiary in the United States is subject to 21% income tax on its taxable income generated from operations in the United States. Our subsidiary in the United States does not have any taxable income for all periods presented.

Results of Operations

The following table summarizes our consolidated results of operations and as percentages of our total revenues for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus.

	For the Year Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenues	13,156	100.0	29,424	100.0	38,512	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(20,938)	(54.4)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	**17,574**	**45.6**
Operating expenses:						
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(6,433)	(16.7)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(4,061)	(10.6)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(14,025)	(36.4)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	**(24,519)**	**(63.7)**
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	**(6,518)**	**(16.9)**
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	**(8,084)**	**(21.0)**
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	**(8,084)**	**(21.0)**
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	**(7,040)**	**(18.3)**

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

Revenues

Our revenues increased by 30.9% from US$29.4 million in 2022 to US$38.5 million in 2023, primarily driven by the increase in revenues generated from sales of products.

Product revenues

Our revenues generated from sales of products increased by 32.8% from US$28.7 million in 2022 to US$38.1 million 2023, mainly driven by the increase in the sales revenue from NZS chargers sold in Europe, the United States and other regions, to new customers as well as to the existing customers who used to purchase C6 and other DC chargers and sought to upgrade their EV chargers. As NZS chargers have much higher prices across all the markets compared with traditional DC chargers, it enabled us to generate higher revenue in 2023 even based on a smaller total sales volume.

Service revenues

Our revenues generated from services were US$0.7 million and US$0.5 million in 2022 and 2023, respectively.

Cost of Revenues

Our cost of revenues increased by 11.9% from US$18.7 million in 2022 to US$20.9 million in 2023, growing at a slower pace than our revenues, primarily benefiting from economies of scale and our enhanced cost control measures.

Gross Profit

As a result of the foregoing, our gross profit increased by 64.2% from US$10.7 million in 2022 to US$17.6 million in 2023, which is consistent with our business growth. Our overall gross margin increased from 36.4% in 2022 to 45.6% in 2023, benefiting from economies of scale and our enhanced cost control measures.

Operating Expenses

Our operating expenses increased by 170.1% from US$9.1 million in 2022 to US$24.5 million in 2023, primarily reflecting the increases in our selling and marketing expenses, research and development expenses and general and administrative expenses.

Selling and marketing expenses

Our selling and marketing expenses increased by 83.0% from US$3.5 million in 2022 to US$6.4 million in 2023. The increase was mainly attributable to (i) the increase in staff cost of US$1.4 million, primarily due to the bonus resulting from improved selling performance and the growth of the team; and (ii) the increase in promotion expenses of US$0.6 million, which is included under the item "others", due to our promotion efforts. Our selling and marketing expenses as percentages of total revenues increased from 11.9% in 2022 to 16.7% in 2023, reflecting our enhanced efforts in selling and marketing to press ahead with our global expansion.

Research and development expenses

Our research and development expenses increased by 44.2% from US$2.8 million in 2022 to US$4.1 million in 2023. The increase was mainly attributable to the increase in staff cost of US$0.9 million, primarily due to the growth of the team to support our business growth. Our research and development expenses as percentages of total revenue increased from 9.6% in 2022 to 10.6% in 2023, which was primarily driven by our enhanced investment in research and development.

General and administrative expenses

Our general and administrative expenses increased significantly from US$2.7 million in 2022 to US$14.0 million in 2023, mainly attributable to (i) the recognition of share-based compensation of US$7.5 million in relation to the 150,000,000 shares we granted in August 2023 under the 2023 Share Plan; and (ii) the increase in professional expenses of US$2.1 million, primarily due to the increase in professional expenses paid to professional consultants in relation to the reorganization, financing and this offering. Our general and administrative expenses as percentages of total revenues increased from 9.3% in 2022 to 36.4% in 2023, mainly resulting from the increase in the absolute amount in general and administrative expenses due to the aforementioned reasons.

Changes in Fair Value of Financial Instruments

Our changes in fair value of financial instruments increased significantly from US$0.2 million in the 2022 to US$1.5 million in 2023, mainly due to the issuance of convertible debts to certain investors in 2023 and the changes in fair value of these convertible debts. For details, see "Description of Share Capital — History of Securities Issuances — Convertible Notes and Issuance of Warrants."

Interest Expenses

We recorded interest expenses of US$194.5 thousand in 2023, as compared to US$67.0 thousand in 2022. Such increase was primarily due to the increase in the short-term bank borrowings to support our business growth.

Interest Income

We recorded interest income of US$100.8 thousand in 2023, as compared to US$200.9 thousand in 2022. Such decrease was primarily due to the repayment of loans to a related party of one of our preferred shareholders.

Income Tax Benefit

We recorded an income tax expense of nil in 2023, as compared to an income tax benefit of US$11.6 thousand in 2022.

Net Income (Loss)

As a result of the foregoing, we recorded net loss of US$8.1 million in 2023, as compared to net income of US$1.6 million in the 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenues

Our revenues increased by 123.7% from US$13.2 million in 2021 to US$29.4 million in 2022, primarily driven by the increase in revenues generated from sales of products.

Product revenues

Our revenues generated from sales of products increased by 129.2% from US$12.5 million in 2021 to US$28.7 million in 2022, mainly driven by the increase in the sales volume of products sold in Europe because we have further expanded our customer base as well as sold more products to existing customers in Europe in 2022.

Service revenues

Our revenues generated from services remained relatively stable at US$0.6 million and US$0.7 million in 2021 and 2022, respectively.

Cost of Revenues

Our cost of revenues increased by 119.5% from US$8.5 million in 2021 to US$18.7 million in 2022, which is consistent with our business growth.

Gross Profit

As a result of the foregoing, our gross profit increased by 131.3% from US$4.6 million in 2021 to US$10.7 million in 2022, which is consistent with our business growth. Our overall gross margin slightly increased from 35.2% in 2021 to 36.4% in 2022, benefiting from economies of scale.

Operating Expenses

Our operating expenses increased by 37.7% from US$6.6 million in 2021 to US$9.1 million in 2022, primarily reflecting the increases in our selling and marketing expenses, research and development expenses and general and administrative expenses.

Selling and marketing expenses

Our selling and marketing expenses increased by 45.1% from US$2.4 million in 2021 to US$3.5 million in 2022. The increase was mainly attributable to the increase in staff cost of US$0.9 million, primarily due to the increase in bonus resulted from improved selling performance, and the growth of the team. Our selling and marketing expenses as percentages of total revenues decreased from 18.4% in 2021 to 11.9% in 2022, illustrating our improved selling and marketing efficiency.

Research and development expenses

Our research and development expenses increased by 64.6% from US$1.7 million in 2021 to US$2.8 million in 2022. The increase was mainly attributable to the increase in staff cost of US$0.7 million due to the growth of the team to support our business growth, and the increase in research and development materials of US$0.4 million to further optimize our product mix. Our research and development expenses as percentages of total revenues decreased from 13.0% in 2021 to 9.6% in 2022, which was primarily driven by our improved research and development efficiency.

General and administrative expenses

Our general and administrative expenses increased by 11.6% from US$2.5 million in 2021 to US$2.7 million in 2022, mainly attributable to the increase in staff cost of US$0.5 million due to the growth of the team to support our business growth, and the increase in professional expenses of US$0.4 million paid to professional consultants; partially offset by the decrease in foreign currency exchange loss (gain) of US$0.5 million. Our general and administrative expenses as percentages of total revenues decreased from 18.7% in 2021 to 9.3% in 2022, primarily due to our improved operating efficiency.

Changes in Fair Value of Financial Liability

Our changes in fair value of financial liability increased significantly from US$12 thousand in 2021 to US$0.2 million in 2022, mainly due to the increase in the valuation of our company.

Interest Expenses

We recorded interest expenses of US$67 thousand in 2022, as compared to US$339 thousand in 2021.

Interest Income

Our interest income remained relatively stable at US$0.2 million and US$0.2 million in 2021 and 2022, respectively.

Income Tax Benefit (Expense)

We recorded an income tax benefit of US$12 thousand in 2022, as compared to income tax expense of US$1 thousand in 2021.

Net Income (Loss)

As a result of the foregoing, we recorded net income of US$1.6 million in 2022, as compared to net losses of US$2.1 million in 2021.

Non-GAAP Financial Measures

We consider adjusted net income (loss), a non-GAAP financial measure as a supplemental measure to review and assess our operating performance. The presentation of this non-GAAP financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of this non-GAAP measure facilitates investors' assessment of our operating performance.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. This non-GAAP financial measure has limitations as an analytical tool. One of the key limitations of using this non-GAAP financial measure is that it does not reflect all items of income and expense that affect our operations. Further, this non-GAAP measure may differ from the non-GAAP information used by other companies, including peer companies, and therefore its comparability may be limited. We compensate for these limitations by reconciling this non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Adjusted Net Income (Loss)

We define adjusted net income (loss) as net income (loss) excluding share-based compensation and changes in fair value of financial instruments.

The following table reconciles our adjusted net income (loss) for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is net income (loss):

	For the Year Ended December 31,		
	2021	**2022**	**2023**
	US$	**US$**	**US$**
	(in thousands, except for percentages)		
Net income (loss)	**(2,067)**	**1,610**	**(8,084)**
Add:			
share-based compensation	—	—	7,457
Changes in fair value of financial instruments	12	191	1,472
Adjusted net income (loss)	**(2,055)**	**1,801**	**845**

Liquidity and Capital Resources

Cash flows and working capital

Our principal sources of liquidity have been cash generated from financing activities and operating activities. As of December 31, 2023, we had US$15.7 million in cash and cash equivalents and US$32 thousand in restricted cash. Our cash and cash equivalents are primarily denominated in Renminbi, Euros and US dollars, which amounted to US$10.4 million, US$3.7 million and US$1.5 million as of December 31, 2023, respectively. As of December 31, 2023, all of our cash and cash equivalents denominated in Renminbi are located in the PRC, while our cash and cash equivalents denominated in Euros and US dollars located in the PRC amounted to US$3.1 million and US$1.3 million , respectively, and those held outside the PRC amounted to US$0.7 million and US$0.2 million, respectively. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. For details, see "Risk Factors — Risks Related to Regulations — Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment." We do not believe that such restrictions on foreign exchange would have a material impact on the net assets and liquidity of our company or any of our subsidiaries. We believe that our current cash and anticipated cash flow from

operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

The consolidated financial statements have been prepared assuming that our company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, if we have not consummated a qualified IPO or qualified share sale by September 30, 2024, which are out of our control, the redeemable preferred shareholders have the rights to request us to redeem all of the redeemable preference shares. The aggregate redemption amount for all redeemable preference shares by September 30, 2024 is US$39.0 million. As a result, substantial doubt about our ability to continue as a going concern exists.

We are evaluating strategies to obtain additional funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, issuing debt or entering into other financing arrangements, obtaining agreements with the existing investors to extend the due dates for outstanding debt and the redemption dates of redeemable preference shares. However, we may be unable to access to future equity or debt financing when needed. As such, there can be no assurance that we will be able to obtain additional liquidity when needed or under acceptable terms, if at all.

The following table presents our consolidated cash flow data for the periods indicated.

	For the Year Ended December 31,		
	2021	2022	2023
	US$	US$	US$
	(in thousands)		
Net cash provided by (used in) operating activities	(6,479)	849	(5,576)
Net cash provided by (used in) investing activities	(4,843)	1,222	2,266
Net cash provided by financing activities	15,189	2,278	10,743
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(411)
Net increase in cash, cash equivalents and restricted cash	4,015	3,842	7,022
Cash, cash equivalents and restricted cash at the beginning of the year	813	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year	4,828	8,670	15,693

Operating activities

Net cash used in operating activities was US$5.6 million in 2023. The difference between our net loss of US$8.0 million and the net cash used in operating activities was mainly due to (i) share-based compensation expenses of US$7.5 million in relation to the 150,000,000 shares we granted in August 2023 under the 2023 Share Plan, (ii) a loss in changes in fair value of financial instruments of US$1.5 million, mainly due to the issuance of convertible debts to certain investors in 2023 and the changes in fair value of these convertible debts, and (iii) an increase in accrued expenses and other current liabilities of US$1.6 million, primarily attributable to the increase in accrued payroll and social insurance due to the growth of the team and the increase in accrued service expenses to professional parties; partially offset by (i) an increase in accounts receivable of US$5.1 million, primarily attributable to our business growth in general, and (ii) a decrease in contract liabilities of US$1.5 million, primarily attributable to the satisfaction of our performance obligation under such contract liabilities in the ordinary course of business.

Net cash provided by operating activities was US$0.8 million in 2022. The difference between our net income of US$1.6 million and the net cash provided by operating activities was mainly due to (i) an increase in accounts receivable of US$3.6 million, primarily attributable to our business growth in general, (ii) an increase in inventories of US$3.4 million, primarily attributable to the increased demand of our products, and (iii) an increase in prepayments and other current assets of US$0.4 million, primarily attributable to the development of new products that require prepayments and our business growth in general; partially offset by (i) an increase in accounts payable of US$4.1 million, primarily attributable to our efforts in obtaining

longer credit terms from suppliers and our business growth in general, (ii) an increase in accrued expenses and other current liabilities of US$1.5 million, primarily attributable to the increase in accrued payroll and social insurance and in other taxes payable due to the growth of the team, and (iii) an increase in contract liabilities of US$1.2 million, primarily attributable to the increase in the number of our customers and our business growth in general.

Net cash used in operating activities was US$6.5 million in 2021. The difference between our net loss of US$2.1 million and the net cash used in operating activities was mainly due to (i) an increase in accounts receivable of US$4.4 million, primarily attributable to our business growth in general, (ii) an increase in inventories of US$2.2 million, primarily attributable to the increased demand of our products, and (iii) an increase in prepayments and other current assets of US$0.6 million, primarily attributable to our business growth in general; partially offset by (i) an increase in accounts payable of US$0.9 million, primarily attributable to our efforts in obtaining longer credit terms from suppliers and our business growth in general, and (ii) an increase in contract liabilities of US$0.4 million, primarily attributable to the increase in the number of our customers and our business growth in general.

Investing activities

Net cash provided by investing activities was US$2.3 million in 2023, which was primarily attributable to proceeds from collection of loans to a related party of a preference shareholder of US$2.9 million, partially offset by cash paid for purchase of property and equipment and intangible assets of US$0.5 million.

Net cash provided by investing activities was US$1.2 million in 2022, which was primarily attributable to proceeds from collection of the loan to a related party of a preference shareholder of US$1.4 million.

Net cash used in investing activities was US$4.8 million in 2021, which was primarily attributable to issuance of a loan to a related party of a preference shareholder of US$4.8 million.

Financing activities

Net cash provided by financing activities was US$10.7 million in 2023, which was primarily attributable to (i) proceeds from issuance of the convertible debts of US$11.1 million, and (ii) proceeds from short-term bank borrowings of US$6.3 million; partially offset by (i) repayment of short-term bank borrowings of US$4.6 million, and (ii) payments of initial public offering cost of US$1.5 million.

Net cash provided by financing activities in 2022 was US$2.3 million, which was attributable to proceeds from short-term bank borrowings of US$6.4 million; partially offset by repayment of short-term bank borrowings of US$3.8 million.

Net cash provided by financing activities in 2021 was US$15.2 million, which was attributable to (i) proceeds from issuance of Series B redeemable preferred equity of US$16.1 million, and (ii) proceeds from short-term bank borrowings of US$3.1 million; partially offset by repayment of short-term bank borrowings of US$3.7 million.

In October 2020, X-Charge Technology entered into a loan agreement with SPD Silicon Valley Bank to borrow up to RMB10.0 million (US$1.4 million). In October 2020, in connection with the loan agreement, X-Charge Technology issued warrants to an affiliate of SPD Silicon Valley Bank to purchase 0.542% of X-Charge Technology's equity interest at an exercise price at RMB2.0 million (US$0.3 million) in aggregate or purchase 8,786,150 ordinary shares of the company at the option of the holder of such warrants on a fully diluted basis. The warrants have not been exercised as of December 31, 2023. See Note 8 to the Consolidated Financial Statements appended to this prospectus for details.

Material cash requirements

Our material cash requirements as of December 31, 2023 primarily include our operating lease commitments, capital expenditures, and working capital requirements.

Our operating lease commitments consist of the commitments under the lease agreements for our office premises. We lease our office facilities under non-cancelable operating leases with various expiration dates. The majority of our operating lease commitments are related to our office lease agreements.

The following table sets forth our contractual obligations as of December 31, 2023:

	Payment Due by Period		
	Total	Less Than 1 Year	1 – 3 Years
	(US$ in thousands)		
Operating lease commitments[(1)]	482	320	162

Note:

(1) Represents obligations under lease agreements for our office premises.

Our capital expenditures are incurred primarily in connection with purchase and improvement in property and equipment. We recorded capital expenditures of US$93 thousand, US$214 thousand, and US$526 thousand in 2021, 2022 and 2023, respectively. We intend to fund our future capital expenditures with our existing cash balance and proceeds from this offering. We will continue to make capital expenditures to meet the expected growth of our business.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk, or credit support to us or engages in leasing, hedging, or product development services with us.

For more information about the aggregate redemption amount for redeemable preference shares, see "— Cash Flows and Working Capital." Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2023.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct all of our operations through our subsidiaries. As a result, for our cash requirements, including any payment of dividends to our shareholders, we rely upon dividends paid by our subsidiaries. If our subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

Regulations in local jurisdictions where we utilize dividend payments may restrict the ability of our subsidiaries to pay dividends to us. Specifically, our subsidiary in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. Pursuant to the law applicable to China's foreign investment enterprise, our subsidiaries in China have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriation to the other two reserve funds are at our subsidiary's discretion. In addition, the full amount of a dividend distributed by our German subsidiary to us is generally subject to (final) German withholding tax at an aggregate rate of 26.375%.

See "Regulation — Regulations Relating to Foreign Exchange and Dividend Distribution — Regulations on Dividend Distributions," and "Risk Factors — Risks Related to the ADSs and This Offering — Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment."

Internal Control over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting.

In connection with the audits of our consolidated financial statements included elsewhere in this prospectus, we and our independent registered public accounting firm identified the following material weaknesses in 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 a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified relate to (i) the lack of sufficient competent financial reporting and accounting personnel with appropriate understanding of U.S. GAAP and financial reporting requirements set forth by the SEC to formalize, design, implement and operate key controls over financial reporting process in order to prepare, review and report financial information, and to address complex U.S. GAAP accounting issues and related disclosures, in accordance with U.S. GAAP and SEC financial reporting requirements; and (ii) the failure to establish formal policies and procedures on relevant general information technology controls (GITCs). Specifically, (a) configuration change controls of the financial management system used by us were not designed and operated adequately to ensure that key configurations are appropriately implemented into production environments, and (b) the controls of privileged accounts of the financial management system used by us were not designed and operated adequately to ensure the segregation of duties across incompatible IT layers/functions and to prevent incompatible operations of privileged accounts.

To remediate the first identified material weakness, we have adopted and will adopt further measures to improve our internal control over financial reporting, as follows:

- hire additional financial reporting and accounting staff with adequate experience and knowledge with U.S. GAAP and SEC reporting requirements to address complex U.S. GAAP technical accounting issues, strengthen the financial reporting function, and set up an internal control framework to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements;
- implement regular U.S. GAAP and SEC financial reporting training programs for the financial reporting and accounting personnel to equip them with sufficient knowledge and practical experience of preparing financial statements under U.S. GAAP and SEC reporting requirements; and
- develop and implement a comprehensive set of period-end financial reporting policies and procedures, especially for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are in compliance with U.S. GAAP and SEC reporting requirements.

To remediate the second identified material weakness, we will adopt further measures to improve our internal control over financial reporting, as follows:

- add additional personnel and adjust our resources, as necessary, commensurate with any increase in the complexity of our general information technology controls;
- establish formal policies and procedures on relevant GITCs;
- enhance control over configuration changes, such as approval of the changes and/or prior approval of migration to production environments; and
- enhance control over the authorization of privileged accounts, segregation of duty in privilege accounts across incompatible IT layers/functions.

We intend to remediate the material weaknesses in multiple phases and expect that we will incur certain costs for implementing our remediation measures. The implementation of these measures, however, may not fully remediate the material weaknesses identified in our internal control over financial reporting, and we cannot conclude that the material weaknesses has been fully remediated. See "Risk Factors — Risks Related to Our Business — We have identified two material weaknesses in our internal control over financial reporting. If we are unable to remediate the material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting, this may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations."

As a company with less than US$1.235 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting.

Quantitative and Qualitative Disclosure about Market Risk

Foreign currency translation and foreign currency risks

Our reporting currency is United States Dollars ("US$"). The functional currency of our company and our subsidiaries incorporated in United States, HK S.A.R. and British Virgin Islands is US$. The functional currency of our subsidiary incorporated in Germany is euro ("EUR"), and the functional currency of our PRC subsidiaries is Renminbi ("RMB"). Transactions denominated in currencies other than the functional currency are remeasured into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in a foreign currency are remeasured into the functional currency using the applicable exchange rate at the balance sheet date. The resulted exchange differences are recorded as general and administrative expenses in the consolidated statements of comprehensive income (loss).

The financial statements of our German subsidiary and PRC subsidiaries are translated from their functional currency into US$. Assets and liabilities are translated into US$ using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings or deficits generated in the current period are translated into US$ using the appropriate historical rates. Revenues, expenses, gains and losses are translated into US$ using the average exchange rates for the relevant period. The resulted foreign currency translation adjustments are recorded as a component of other comprehensive income or loss in the consolidated statements of comprehensive income (loss), and the accumulated foreign currency translation adjustments are recorded in accumulated other comprehensive income (loss) as a component of consolidated statements of changes in shareholders' deficit.

Concentration of credit risk

Financial instruments that potentially expose us to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, accounts receivable, net, other receivables of prepayments and other current assets, and amounts due from related parties.

We place our cash and cash equivalents and restricted cash in various commercial banks in the PRC and Germany. We believe that no significant credit risk exists as these banks are principally government-owned financial institutions with high credit ratings.

We conduct credit evaluations on our customers prior to delivery of goods or services. The assessment of customer creditworthiness is primarily based on historical collection records, research of publicly available information and customer on-site visits by senior management. Based on this analysis, we determine what credit terms, if any, to offer to each customer individually. If the assessment indicates a likelihood of collection risk, we will not deliver the services or sell the products to the customer or require the customer to pay cash, post letters of credit to secure payment or to make significant down payments.

Interest rate risk

Fluctuations in market interest rates may negatively affect our financial condition and results of operations. We are exposed to floating interest rate risk on floating rate borrowings, and the risks due to changes in interest rates is not material. We have not used any derivative financial instruments to manage our interest risk exposure.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. In doing so, we have to make estimates and assumptions. Our critical accounting estimates are those estimates that involve a significant level of uncertainty at the time the estimate was made, and changes in them have had or are

reasonably likely to have a material effect on our financial condition or results of operations. Accordingly, actual results could differ materially from our estimates. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis.

Fair value of our ordinary shares

Prior to this offering, we have been a private company with no quoted market prices for our ordinary shares. We therefore needed to make estimates of the fair value of our ordinary shares at various dates for the following purpose:

- determining the fair value of our ordinary shares at the date of issuance of redeemable preference shares as one of the inputs into determining the intrinsic value of the beneficial conversion feature, if any;
- determining the fair value of our financial liability at the issuance date and each period end.
- determining the fair value of our share awards to our directors, executive officers and certain employees at the grant date.
- determining the fair value of our convertible debts at the issuance date and each period end.

In determining the fair value of our ordinary shares, we applied the income approach based on our discounted future cash flow using our best estimate as of the valuation date. The determination of the fair value of our ordinary shares requires complex and subjective judgments to be made regarding our future financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

The option-pricing method was used to allocate equity value of our company to preferred and ordinary shares, taking into account the guidance prescribed by the AICPA Audit and Accounting Practice Aid. This method requires making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering, and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board and management.

The major assumptions used in calculating the fair value of our ordinary shares include:

- Discount rate: The discount rate was based on the weighted average cost of capital, which was determined based on a consideration of the factors including risk-free rate, macroeconomic risk, comparative industry risk, market risk premium, geographic risk, company size and non-systemic risk factors.
- Comparable companies: In deriving the WACCs, which are used as the discount rates under the income approach, certain publicly traded companies engaged in EV charger businesses were selected for reference as our guideline companies.
- Discount for lack of marketability, or DLOM: DLOM was quantified by the Finnerty's Average-Strike put options model. Under this option-pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

The income approach involves applying appropriate WACCs to estimated cash flows that are based on our projected earnings and cash flows. Our revenues growth rates, as well as major milestones that we have achieved, have jointly contributed to the increase in the fair value of our ordinary shares from 2021 to 2023. However, the determination of the fair value of our ordinary shares requires complex and subjective judgments to be made, which will not be necessary once the ADSs begin trading.

Recent Accounting Pronouncements

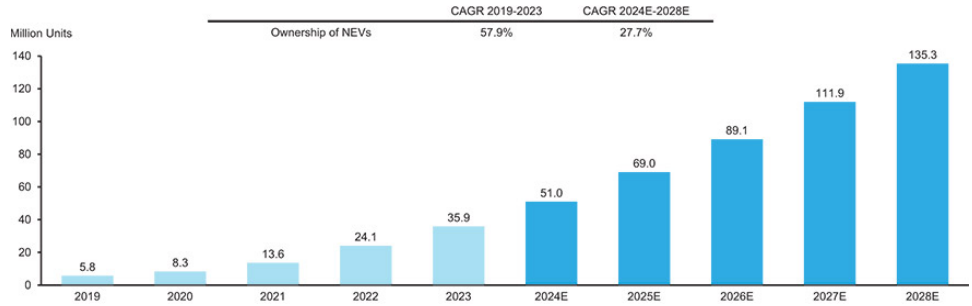
For detailed discussion on recent accounting pronouncements, see Note 2 to our Consolidated Financial Statements.

INDUSTRY

GLOBAL NEV MARKET OVERVIEW

The popularity of new energy passenger vehicles, or NEVs, is on the rise, due to a number of factors, including growing awareness of the benefits of NEVs, favorable local policies and regulations, improving charging infrastructure, and advancements in technology. Consumers are increasingly choosing NEVs as their primary automotives over those powered by traditional internal combustible engines. The proportion of NEVs in the total automotive sales in the world increased from 3.0% in 2019 to 21.6% in 2023 and is expected to surge to approximately 45.8% in 2028. Between 2019 and 2023, the global NEV ownership increased from approximately 5.8 million units to 35.9 million units, representing a CAGR of 57.9%. Going forward, the global NEV ownership is expected to continue to increase rapidly from approximately 51.0 million units in 2024 to 135.3 million units in 2028, at a CAGR of 27.7%. With the growing adoption of NEVs, consumers are placing greater emphasis on enriched driving and ownership experiences, particularly on the driving range and charging speed.

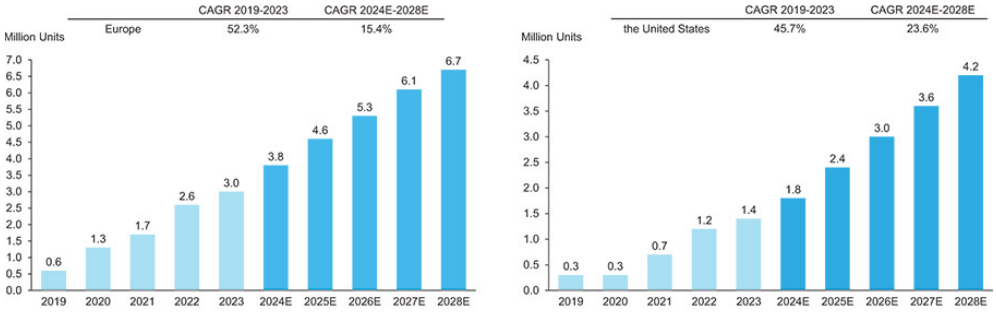
Global NEV Ownership, 2019-2028E



Source: Frost & Sullivan Report

Europe and the United States are two major markets for NEV sales globally. In particular, Europe stands out in the market for its favorable policies that support local OEMs and electrification transformation strategies. In 2023, Europe's NEV market reached a sales volume of 3.0 million units, which corresponds to a market share of 20.5%, making it the second largest NEV market globally. According to Frost & Sullivan, NEV sales in Europe are expected to reach 6.7 million units by 2028 with a CAGR of 15.4% from 2024 to 2028. At the same time, the United States is rapidly closing the gap with Europe in terms of global NEV market size, primarily driven by continuing advancements in intelligent driving technologies and infrastructure upgrades. NEV sales in the United States are expected to rise from 1.8 million units in 2024 to approximately 4.2 million units in 2028, reflecting a CAGR of 23.6%.

NEV Sales Volumes of Europe and the United States, 2019-2028E



Source: Frost & Sullivan Report

GLOBAL EV CHARGER AND BATTERY-INTEGRATED ENERGY STORAGE CHARGER MARKETS OVERVIEW

In recent years, global sales of NEVs have experienced unprecedented growth, leading to an increase in demand for EV chargers. At present, the mainstream EV chargers include alternating current, or AC chargers, direct current, or DC fast chargers and battery-integrated energy storage chargers. Below is a comparison of the three different types of EV chargers:

	AC Charger	DC Fast Charger	Battery-integrated Energy Storage Charger
Average Output power (kW)	7 – 21	22 – 360	160 – 220
Average Charging Duration (hours)	4 – 10	0.5 – 3.5	0.5 – 1.5
Infrastructure Requirements	Low	High	Low
Installation Costs[(1)]	Low	High	Low
Major Application Scenarios	Public buildings such as schools and hospitals; private residential areas and rural area with old grid infrastructure	Public parking lots with large flow of vehicles; rest areas along motorways and high-speed roads and shopping malls	Few installation restrictions with low requirement on grid infrastructure

Source: Frost & Sullivan Report

Note:

(1) The installation costs of EV chargers mainly include equipment, labor and grid transformation costs. The higher installation costs of DC fast chargers are primarily due to the increased infrastructure requirements of grids needed to achieve high output power for charging, resulting in larger transmission distribution investments.

AC chargers are currently the most common type of EV chargers, often used in household charging scenarios. They use alternating current with an average output power ranging from 7 to 21 kW. AC chargers are considered low speed chargers, which can fully charge an electric vehicle in 4-10 hours, depending on the EV's battery capacity and the charger's average power output.

DC fast chargers are high speed chargers that use direct current power to charge the battery of an EV. With an average output power ranging from 22 to 360 kw, DC fast chargers provide much shorter charging

time, making them very ideal for public charging stations. The widespread adoption of NEVs are increasing demand for electricity, which puts pressure on electricity supply and power grids. While DC fast chargers offer faster charging for NEVs, their deployment presents certain challenges and may require upgrades to power grid facilities to support their higher power requirements.

Battery-integrated energy storage chargers are high-power chargers equipped with battery packs that have the capability to store electricity. Battery-integrated energy storage chargers are built on the foundation of DC fast chargers, while being designed to address common installation and operational challenges, such as unstable electricity supply and demand as well as complex grid upgrades. These chargers offer several distinctive advantages such as efficient charging and flexible deployment. They are relatively easy to install, as there is no need for site improvements or upgrades.

Battery-integrated energy storage chargers can be categorized into two types based on their structure: one-piece chargers and split chargers. One-piece battery-integrated energy storage chargers have all the components integrated into a single "plug-able" piece, whereas split chargers have the energy storage and charging components separated from each other. The major feature comparisons of these two types are set forth as below:

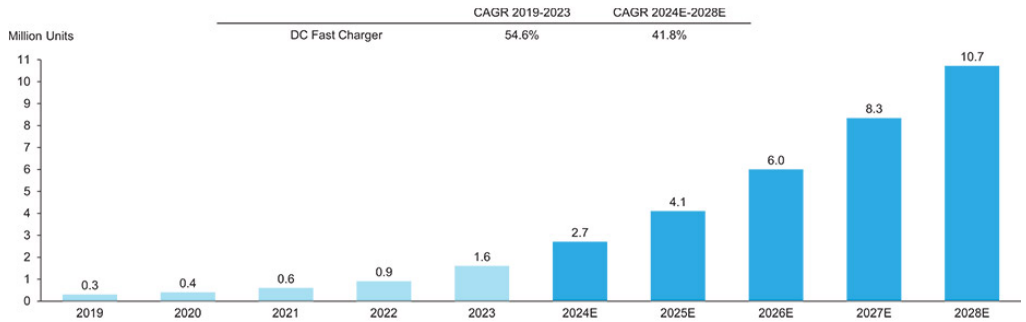
	One-piece Battery-integrated Energy Storage Charger	**Split Battery-integrated Energy Storage Charger**
Floor Area	Small	Large
Infrastructure Requirements	Low	High Construction of foundation built under the chargers with old grid upgrades
Major Application Scenarios	Public buildings and areas with old grid infrastructure and fast charging demand; public parking lots with large flow of automotives and rest areas along motorways and high-speed roads	Locations with large and stable charging needs from centralized management automotives, such as electric bus stations and taxi maintenance stations

Source: Frost & Sullivan Report

Market Size of Global DC Fast Charger and Battery-integrated Energy Storage Charger Markets

The expanding global NEV market has led to a substantial rise in demand for EV chargers, and DC fast chargers have emerged as the preferred option for both charging point operators (CPO) and EV owners. With their higher average output power, DC fast chargers generally deliver much higher charging speed, higher operational efficiencies and greater cost-effectiveness. Accordingly, the global installation of DC fast chargers is expected to increase significantly from 2.7 million units in 2024 to approximately 10.7 million units in 2028 at a CAGR of 41.8%.

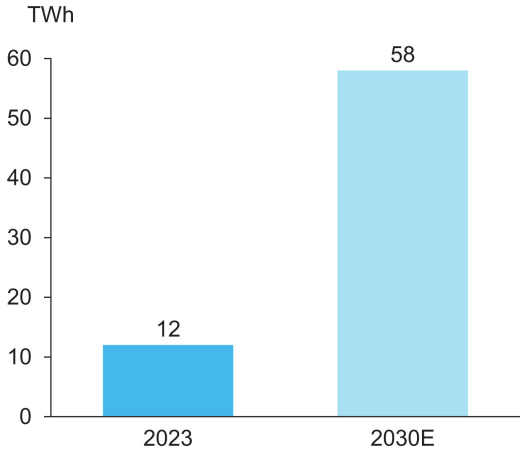
Global Installed Volume of Public DC Fast Charger, 2019-2028E



Source: Frost & Sullivan Report

In 2023, while DC fast chargers made up only approximately 35% of the total installed public EV chargers, they accounted for over 70% of the total EV charging demand in terms of energy consumption. The global energy demand for DC fast chargers is expected to increase from 12.0TWh in 2023 to 58.0TWh in 2030, representing a CAGR of approximately 25.1%.

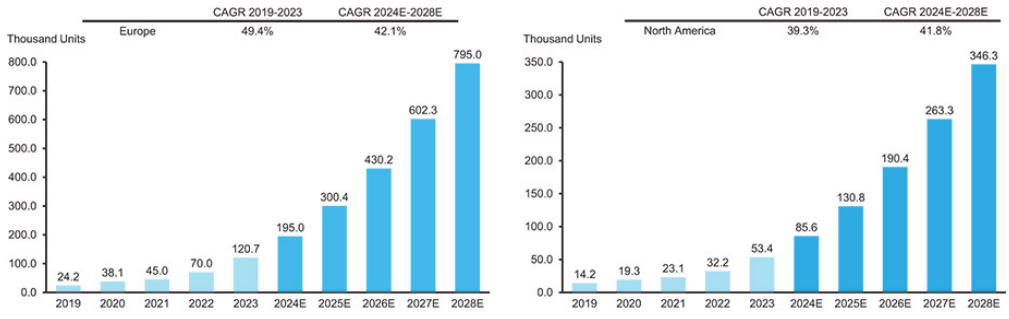
Global Energy Demand for DC Fast Chargers, 2023 and 2030E



Source: Frost & Sullivan Report

European countries are actively promoting the growth of the NEV market and the establishment of charging infrastructure through various initiatives and incentive policies. Accordingly, the installed volume of DC fast chargers is expected to increase from 195.0 thousand units in 2024 to approximately 795.0 thousand units by 2028 at a CAGR of 42.1%. Similarly, governments in the United States and Canada are also promoting the modernization of aging grid infrastructure and fostering the expansion of the DC fast charger market to meet the increasing demand for EV charging. In North America, the market size of DC fast chargers in terms of installed volume was approximately 85.6 thousand units in 2024 and is projected to reach 346.3 thousand units by 2028.

Installed Volume of DC Fast Chargers in Europe and North America, 2019-2028E



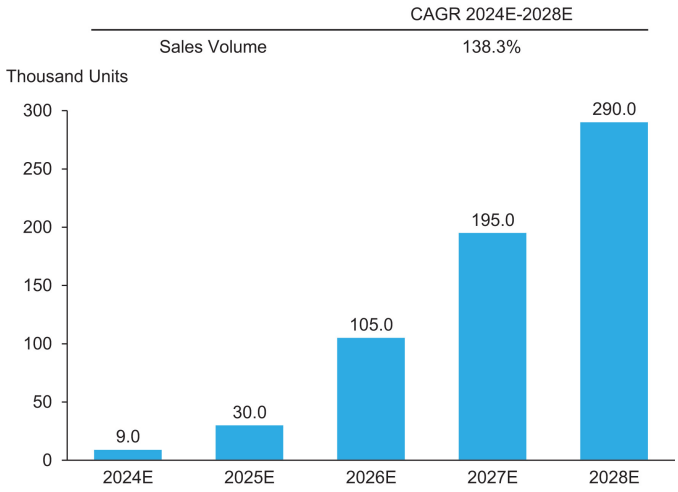
Source: Frost & Sullivan Report

Battery-integrated energy storage chargers offer significant benefits by supporting seamless and efficient grid operations through peak shaving and valley filling. They are expected to play a more critical

role in balancing electricity supply and demand, making them increasingly important for the future of energy management. Additionally, battery-integrated energy storage chargers offer other benefits, such as reduced infrastructure requirements and bi-directional charging capabilities, which can significantly accelerate deployment time and reduced installation costs. As a result, these advantages enhance the return on investment ("ROI") and expands revenue-generating opportunities for CPOs.

Battery-integrated energy storage chargers are anticipated to receive a positive response from both CPOs and NEV consumers due to their exceptional performance and cost-effectiveness. The global sales volume of battery-integrated energy storage chargers is projected to increase from approximately 9.0 thousand units in 2024 to approximately 290.0 thousand units in 2028, demonstrating a robust CAGR of 138.3%.

Global Sales Volume of Battery-integrated Energy Storage Charger, 2024E-2028E



Source: Frost & Sullivan Report

Key Drivers and Trends of Global EV Charger and Battery-integrated Energy Storage Charger Markets

The global EV charger and battery-integrated energy storage charger markets are influenced by several key drivers and trends, including the following:

Global Surge in NEV Demand Driving Charging Infrastructure Growth

The global NEV market has experienced significant growth in recent years, fueled by various factors such as increased environmental awareness, government regulations promoting EVs, advancements in technology, and improvements in charging infrastructure. This growth is expected to continue, leading to a surge in demand for charging infrastructure.

In Europe, the introduction of the "Fit for 55" draft reflects the region's commitment to reducing carbon dioxide emissions from automotives. This ambitious plan sets targets to significantly decrease emissions and encourages traditional automakers to shift their focus from ICE vehicles to NEVs. This transition creates substantial opportunities for the expansion of charging infrastructure in Europe.

The United States is also a key NEV market with considerable potential for charging infrastructure growth. The Biden administration has displayed a proactive approach towards the NEV industry, outlining long-term development objectives. President Biden's plans include establishing a nationwide network of charging stations, providing financial incentives for EV purchases, and offering support to automotive manufacturers and suppliers to facilitate the transition to EVs.

Unbalanced EV-to-Charger Ratio

The EV-to-charger ratio serves as a critical metric for assessing the progress of EV charging infrastructure and understanding the dynamics of supply and demand for EV chargers. In Europe, the NEV market has witnessed rapid growth driven by ambitious decarbonization objectives and growing environmental awareness among consumers. However, the average EV-to-charger ratio in Europe was around 13 in 2023, according to Frost & Sullivan, indicating an imbalance in the supply and demand of EV chargers. To support the expansion of the NEV market and achieve the 2050 carbon neutrality target, the European Union has called for active efforts to enhance local infrastructure development across European countries and regions.

Similarly, in the United States, the average EV-to-charger ratio was approximately 25 in 2023, according to Frost & Sullivan. The imbalanced ratio can be attributed to variations in economic development and regional disparities in NEV sales across the country. Recognizing the importance of meeting the increasing demand for EV charging, the U.S. government has prioritized investments in NEV industries and infrastructure development to help reduce the EV-to-charger ratio.

Rising Demand for DC Fast Chargers

As the demand for NEVs continues to soar, there is an ever-growing necessity for fast charging technology to overcome the limitations of battery technology and offer accelerated charging solutions. Fast charging technology enables shorter charging times, which is particularly important to individuals on the go or businesses that rely on efficient automotive turnover.

To cater to the charging needs of NEV owners, especially in urban areas where access to home charging facilities may be limited, both governmental entities and private companies are actively investing in the development of DC fast charging infrastructure. This infrastructure plays a vital role in supporting the expansion of the NEV market by providing convenient and easily accessible charging options.

Commercial fleet owners, such as those operating buses, have a strong incentive to adopt fast charging technology due to their predictable driving routes and higher energy demands. DC fast chargers effectively address the scheduling challenges caused by lengthier charging times without the need for increased battery capacity. For CPOs, prolonged charging times lead to lower ROI for individual chargers. Therefore, the development of fast chargers not only improves the ROI for CPOs but also incentivizes further investment in charging infrastructure.

The number of publicly accessible DC fast chargers worldwide has increased from 0.3 million units in 2019 to 1.6 million units in 2023 and is projected to reach 10.7 million units by 2028, with a CAGR of approximately 41.8% from 2024. Additionally, the proportion of DC fast chargers among all public EV chargers is expected to rise from 37.1% in 2024 to 44.4% in 2028.

Increasing Deployment of Battery-Integrated Energy Storage Chargers

Battery-integrated energy storage chargers are gaining popularity due to their ability to provide electricity for NEVs while alleviating the strain on existing grid systems. They also offer auxiliary functions to improve grid efficiency. The following sets forth the key advantages of battery-integrated energy storage chargers which would further increase the deployment of battery-integrated energy storage chargers.

Alleviate the imbalance between electricity supply and demand. Driven by aggressive decarbonization efforts and the expansion of the NEV market worldwide, the global energy demand for public DC fast chargers is expected to increase from 12.0TWh in 2023 to 58.0TWh in 2030, representing a CAGR of approximately 25.1%. However, the increasing demand for NEVs and concentrated charging during the day can put pressure on power grids, potentially resulting in electricity shortages in areas ill-equipped to handle the rising uptake of NEVs. This challenge is further exacerbated by factors such as international political tensions and extreme weather events, which contribute to electricity shortages on a global scale. Moreover, the aging and decommissioning of traditional grid facilities, particularly in Europe and the United States, add to the need for charging infrastructure with energy storage capabilities. Battery-integrated energy storage chargers offer a solution by functioning as distributed energy facilities. They play a crucial role in supporting the efficient operation of the grid system and alleviating the stress caused by imbalances

in supply and demand. These chargers actively assist the power grid in regulating peak demand and frequency, becoming increasingly significant as the future unfolds.

Support flexible deployment of charging infrastructure. The deployment of DC fast chargers involves complex tasks such as creating and upgrading grid connections and adding power loads. These processes require multiple planning, approval, and procurement steps, resulting in significant lead times. Moreover, the addition of new loads to grid networks often necessitates costly and time-consuming equipment upgrades, including low and medium voltage transformers and lines. This issue is particularly pronounced in rural and remote areas with weaker grids. Battery-integrated energy storage chargers provide a solution to these challenges by facilitating quick installations that leverage existing low-power utility services, thereby eliminating the need for expensive and time-consuming utility upgrades. Furthermore, the mobility of battery-integrated energy storage chargers allows for optimized placement and site access, helping ensure maximum utilization and minimum risk of stranded assets.

Provide higher ROI and utilization. Battery-integrated energy storage chargers offer significant enhancements to the ROI and utilization of EV chargers by providing faster, more reliable, and future-proof EV charging networks in an effective and flexible manner. These chargers have reduced infrastructure requirements, resulting in shorter deployment times and lower installation costs for CPOs. Additionally, their peak-shaving and load-shifting capabilities contribute to reduced operating costs for CPOs. Furthermore, bi-directional charging supported by battery-integrated energy storage chargers enables CPOs to sell excess power back to the grid, generating additional revenue. In the future, technological advancements and digitalization will drive the development of integrated charging solutions with diverse value-added services for customers. Smart charging terminals will serve as energy storage facilities, integrating with the grid and various renewable energy sources to form a comprehensive energy system. Battery-integrated energy storage chargers will also serve as vital hubs for information and data flow, providing effective support for energy services and creating multiple revenue streams for CPOs. For EV users, the peak shaving and valley filling capabilities of battery-integrated energy storage chargers result in savings on electricity fees.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the European DC fast charger market is highly competitive and fragmented. XCHG Limited is one of the leading manufacturers by sales volume in the European DC fast charger market in 2023.

XCHG Limited is one of the earliest companies dedicated to the R&D of battery-integrated energy storage chargers. In April 2022, XCHG Limited successfully launched its self-developed product, the NZS charger, which is also one of the only few battery-integrated energy storage chargers sold in the world so far. Compared to competing models, the NZS charger offers superior performance of larger battery capacity, higher charging efficiency, greater tolerance to extreme environments and longer service life. In addition, the NZS charger is one of the first EV charger products to provide bi-directional charging service in the world.

BUSINESS

Overview

We offer comprehensive EV charging solutions which primarily include the DC fast chargers named the C6 series and the C7 series, the advanced battery-integrated DC fast chargers which we call Net Zero Series ("NZS"), as well as our accompanying services. Our integrated solution combining proprietary charging technology, energy storage technology and accompanying services significantly improves EV charging efficiency and unlocks the value of energy storage and management. We were a leading high power charger supplier in Europe by sales volume in 2023, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators.

The increasing adoption of EV and renewable energy has brought fundamental changes to the demand and supply of electricity. Not only has electricity demand increased in aggregate, peak demand patterns have also changed. In addition, the intermittent nature of renewable energy generation has led to greater energy supply fluctuation. As a result, there is an imminent need for energy storage solutions to balance electricity demand and supply in order to increase energy utilization and reduce the pressure of grids. According to Frost & Sullivan, the global market size for energy storage by revenue is expected to reach approximately US$170.0 billion by 2028.

As a pioneer in the EV charger industry, we believe EV charging is essentially an energy management business that uses innovative technologies and creative solutions to tackle energy problems. Leveraging our established fast charging technology, as well as our in-house proprietary energy storage system ("ESS") technology, we have pioneered a unique advanced battery-integrated EV charging solution, NZS. NZS chargers integrate DC fast chargers with lithium-ion batteries and our proprietary energy management system, storing power when it is generally more available (for example, during nighttime) and discharging power when the demand is high (for example, during daytime).

Our NZS solution enables fast charging at low power locations or vis-à-vis aged grid infrastructures (which typically are not compatible with fast charging equipment) with no significant site improvements or grid upgrades needed. With the unique "plug-and-play" design, our NZS chargers are easy to install and highly deployable in locations where conventional fast chargers cannot be installed, for example national parks, parking lots or communities with insufficient power capacity. Therefore, we believe that our NZS solution is able to address a larger market, which cannot be reached by conventional fast chargers.

Our NZS solution is one of the earliest and currently one of the very few commercialized EV chargers designed with a Battery-to-Grid ("B2G") function, according to Frost & Sullivan. It enables energy to be purchased during off-peak hours at lower prices, and sold back to the grid during peak hours at higher prices, enabling operators to generate profit even if no vehicle is charging. With this unique feature, our customers can achieve a return even before considering the utilization of the EV charger itself. This increases the overall return on investment ("ROI") for our customers. At the core of our NZS solution is our proprietary energy management system ("EMS"), which automatically optimizes energy supply and usage across the grids, batteries and EVs.

As we pursue the digitalization of EV charging solutions, our proprietary software system aims to provide customers with comprehensive solutions catering to different and evolving needs in the EV era, as well as to offer superior user experience. Our software system features an intuitive user interface, where our customers can monitor and control every key detail of the charging network easily, including real-time safety monitoring, traffic settings, and data analysis. We offer upgrades to our software system over-the-air ("OTA") to provide more functions and enhance user experience.

Our "charger-as-a-service" business model enables us to achieve highly visible revenue streams from repeated purchases from our blue-chip customers. Complementary to the initial sales of products, we generate recurring revenue from the accompanying services throughout the entire life cycle. As the number of installed chargers grows, we expect recurring revenue to account for an increasing portion of our total revenue. In addition, our NZS solution is expected to create new commercialization opportunities for us. For example, with the B2G function, NZS chargers can sell energy back to the grid during peak hours.

We have formed key customer relationships and partnerships with EV manufacturers, global energy players, charge point operators and EV fleets. With our NZS solution, we can essentially penetrate the areas where conventional fast chargers cannot be installed given the grid constraint. This creates opportunities for us to extend our customer base to a broader group that cannot be reached by conventional fast chargers.

We have established global presence with offices, R&D centers and sales centers in Europe, the Americas and Asia. We currently deploy our solutions primarily in Europe while we also recognize revenue from other regions, including the United States, China, Brazil and Chile. As of December 31, 2023, our R&D team included 70 personnel based in Germany and China. For production, we primarily rely on OEMs to manufacture our products. By using OEMs, we are able to commercialize our products with quality assurance at a higher speed and lower upfront costs. It also gives us greater flexibility to adjust and scale up according to demand. In addition, we plan to construct our manufacturing plant in the United States, which is expected to be ready for manufacture operation by the end of 2024.

In 2021, 2022 and 2023, we recognized revenue on 807, 1,934 and 1,688 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million, and US$38.5 million, respectively, and our gross margin was 35.2%, 36.4%, and 45.6%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million and net loss of US$8.1 million in 2021, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, adjusted net income of US$1.8 million and adjusted net income of US$0.8 million, respectively. For details, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.”

Our Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors.

Global leader in integrated EV charging solutions

Our market leadership in the industry is validated by our sales volume, global presence, market share and profitability. We were a leading high-power charger supplier in Europe by sales volume in 2023, according to Frost & Sullivan.

We have established global presence to capture growth opportunities worldwide. Currently, our sales team is primarily located in Europe. We design our charging products in-house. For production, we primarily rely on OEMs in China to manufacture our products. We also plan to construct our first in-house manufacturing facility in the United States to capture the U.S. market.

We have been growing rapidly while maintaining industry-leading profitability, according to Frost & Sullivan. As a result of our expansion efforts, we have achieved rapid revenue growth rate of 123.7% from 2021 to 2022, and 30.9% from 2022 to 2023. With our cost advantage and efficient capital deployment, we generated a gross margin of 45.6% in 2023. We recorded net loss of US$2.1 million, net income of US$1.6 million, and net loss of US$8.1 million in 2021, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, adjusted net income of US$1.8 million and adjusted net income of US$0.8 million, respectively.

Pioneer of battery-integrated charging and energy storage solutions

Our battery-integrated EV charging solution, NZS, is one of the world’s first bi-directional charging systems enabled by B2G technology and integration with energy-storage-system, according to Frost & Sullivan.

Our NZS chargers can be easily installed with a standard 30kW/60kW power plug, hence reducing the deployment time from 3~6 months for conventional chargers to only 2~4 weeks. Our NZS chargers feature battery capacity of a maximum 466kWh. Using a 30kW/60kW power plug to connect the charger with the grid, NZS chargers enable 210kW output power and are able to support two vehicles charging at the same time. Our NZS chargers, via EMS, intelligently adapt to different charging scenarios and automatically adjust the charging and discharging settings.

Our NZS solution is highly deployable and able to provide fast-charging experience, and does not require heavy construction projects on the local grid, achieving a real "plug-and-play" installation. They can be easily installed in broad scenarios, including old communities with insufficient power capacity. Leveraging pioneering B2G technology, NZS solution can deliver higher ROI for the infrastructure owners than conventional DC charging systems by creating additional revenue streams such as net metering sale back revenue.

We are also exploring additional commercialization opportunities based on our charger-as-a-service model with our NZS solutions. For example, with our B2G function, our NZS chargers can sell energy back to the grid during peak hours.

Since the introduction of NZS solution in April 2022, we have received orders from industry-leading partners including EV manufacturers, global energy players and charge point operators. After the testing period, we expect to start the mass delivery of NZS chargers in the second half of 2023.

Unique business model of "charger as a service"

Our integrated EV charging solutions, backed by our proprietary product and service offerings, create a business model that supports the entire charger life cycle from product sales to accompanying services, including software system upgrades and hardware maintenance, and generates recurring revenue from long after-sales tail. We refer to such business model as "charger as a service."

Product sale. Our state-of-the-art DC fast charging stations with robust performance and various features such as energy storage and bi-directional energy transfer allow us to generate a strong revenue stream from product sales.

Services. We extend our revenue cycle by providing continuous software system upgrades and hardware maintenance. This enables us to take the EV charger products beyond a single product offering, and generate stable recurring revenue.

Our unique business model with multi-faceted revenue streams enables asset-light growth and provides high revenue visibility and longevity of cash flow throughout the entire charger life cycle.

Proprietary and differentiated technologies

We have developed a plethora of proprietary technologies that differentiate us from our peers. For example, we have developed the advanced energy management system, or EMS, which encompasses the full range of energy-related functions, including energy storage and B2G technology, integrating energy generation, conversion and bi-directional utilization in one system. With B2G technology, NZS charger is currently one of the very few charging systems in the market that is capable of bi-directional charging, according to Frost & Sullivan. In addition, EMS intelligently adapts to different charging scenarios and automatically adjusts the charging and discharging settings. Our products have been certified by many international standards within the EV industry, including PTB certification, TUV certification, IDIADA test and CharIn durability test. We have also won the awards of "Red Dot Award 2016 Best of the Best" and "Tech Pioneer" by the World Economic Forum in 2022. In addition, we ranked among the top disrupters in the battery industry by the Volta Foundation. We are also a member of the Harvard Innovation Labs. We have obtained and maintained intellectual property protection for our products and technologies, which we believe is fundamental to our long-term success.

Partnership with diversified global blue-chip customers and potential to tap into broader markets

We have maintained strategic and long-term relationships with a number of well-known European energy companies through our extensive marketing engagement, differentiated product and service offerings, timely delivery and after-sales support. Our products can be customized to cater to customers' various demands. Our customers consider our product and service suite a reliable solution to achieve their net-zero commitment while generating attractive returns at the same time.

Based on our charger-as-a-service model, we have successfully extended our customer portfolio beyond energy customers and charge point operators, to include a broader group including EV manufacturers and EV fleets. We expect to collaborate with customers in many more industries in the future.

With its low deployment cost and "plug-and-play" feature, our NZS solution is also able to address the demands of a broader range of customers of different scales, unlocking significant opportunities in serving the "long tail" of the EV charging and energy storage ecosystem.

Visionary management team of industry pioneers

Our founders are visionary pioneers of the industry with strong execution capabilities and extensive industry knowhow in EV charging solutions. Our international team of founding members have work experience at Tesla and were serial entrepreneurs from the United States, with the vision to make EV charging carbon-free through next-generation energy solutions. As a founder-led company, we have a strong entrepreneurial spirit, driving the company to be flexible and react quickly to seize opportunities.

Our core management team is a visionary, dedicated and passionate team with international backgrounds from multinational companies and expertise across the EV charger, renewable energy and energy storage sectors. Our core management's international mindset as well as thorough understanding on the market dynamics in Europe and the United States lay a solid foundation for our company to capture global expansion opportunities.

Our Strategies

The key elements of our growth strategy include the following, which we believe would empower us to further achieve superior growth and strengthen our market position:

Continue to invest in R&D with particular focus on EMS

We intend to consistently commit to innovating new technologies, thereby strengthening our demonstrated leadership in providing differentiated EV charging and energy storage solutions to the market. In particular, we intend to further upgrade our proprietary EMS and battery management systems, in order to (i) develop customized configurations to adapt to the energy grid systems across multiple markets, and allow customers to incorporate customized features or settings for the systems they ordered, and (ii) improve the efficiency and useful life of batteries.

Expand manufacturing capacity in the United States

We plan to continue to increase our manufacturing capacity in order to better serve our customers as demand for our products accelerates and to optimize our supply chain. In particular, we intend to invest in full-scale manufacture facilities in Texas, the United States, with the majority of components to be purchased from U.S. suppliers. Such expansion is intended to accelerate our response time to the United States markets. We are in the process of the strategic planning for such expansion with assessment on scale, location, timing and capital expenditure, and we expect such facilities will be ready for manufacture operation in 2024.

Expand the pool of our business partners to achieve global scale and diversification

As we expand in scale, we plan to expand our pool of business partners, including customers, suppliers and collaborators globally, and to deepen our relationship with existing business partners. We are further investing in our sales teams in Europe and the United States, which enables us to penetrate each major market, work with local industry leaders, and to provide tailored solutions to clients in these markets. For example, we have achieved initial success in the commercialization of our offerings in the United States, which includes the signing of a non-binding memorandum of understanding where the client intended to place order on 200 C7 chargers within a two-year period. Leveraging our established relationships with international blue-chip companies, we plan to further enhance our corporations with more diversified business partners across different regions, thereby establishing strong presence globally.

Increase adoption of NZS solution and development of new products

We expect significant market opportunities for our NZS solution under the overarching theme of global carbon net zero commitment, with the increasing EV adoption creating potential constraints to grid

infrastructures. We therefore plan to capture such opportunities by expanding the scale and volume of our NZS solution to sell to both our existing and potential customers globally. In the future, as we continue to commercialize our NZS solution, we intend to develop additional services by leveraging the embedded energy storage and plug-and-play features of our NZS solution. Leveraging the commercialization of NZS solution, we plan to develop and introduce more energy-related products and services.

Our Solutions

Our EV charging solutions primarily include the DC fast chargers named the C6 series and the C7 series, the advanced battery-integrated DC fast chargers which we call the Net Zero Series ("NZS"), as well as accompanying services.

Our products

We have established a portfolio of customizable DC fast chargers that offer high power output. Our chargers are easy to install and highly deployable, therefore are suitable for a variety of premises such as commercial centers, parking lots, hubs, fueling stations, parks, and even communities with insufficient power capacity. We support various payment methods such as apps, NFC, and credit cards. Moreover, our chargers are also easily accessible with QR codes, supporting plug-and-play feature without the need of downloading any apps. We also support offline authentication and thus our chargers can operate without internet connection.

The following table sets forth a summary of the key features of our charging products:

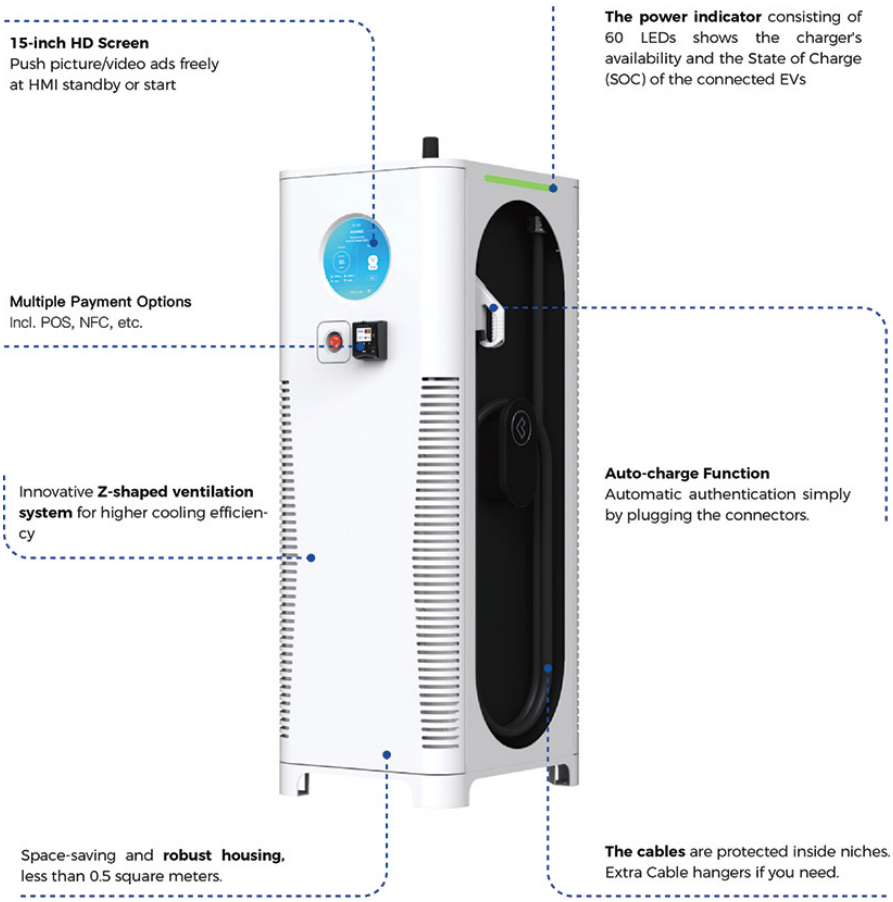
Model	Peak Output	Number of Charging Guns	Battery Storage	Bi-directional Charging
C6	200 kW	Two	\	\
C7	420 kW	Two	\	\
NZS	210 kW	Two	466 kWh	√

DC fast chargers

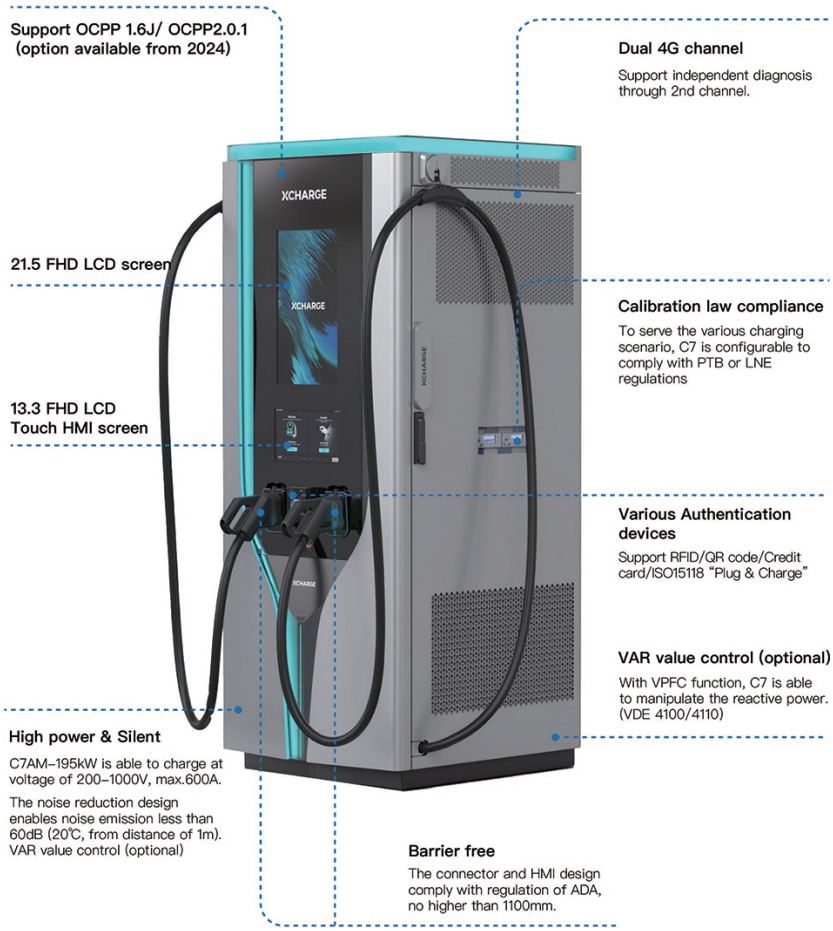
We offer DC fast chargers with high output power that may reduce charging time and range anxiety for EV drivers as compared to regular alternating current ("AC") chargers. Our DC fast chargers convert AC power from the electric grid into DC power before distributing the power to charge the EVs' batteries, thereby reducing the charging time.

Our DC fast chargers primarily include the C6 series and the C7 series.

- Our C6 series is a DC fast charger with customizable configuration options for the operators, where the output power can be selected step by step up to 200 kW. Its automatic output adjustment mechanism maximizes the overall operation efficiency and utilization. The C6 series is able to achieve up to 97% conversion rate by built-in power conversion module. Based on customers' demands, we also offer customized exterior and user interface.



- In May 2023, we launched our newest DC charger model, the C7 series. With its high charging power up to 420 kW, the C7 series is able to shorten the time users spend at the charging station. The C7 series features easy-to-use charging socket, integrated cable management, and intuitive touch display, and can be easily deployed and accessed in public parking lots.

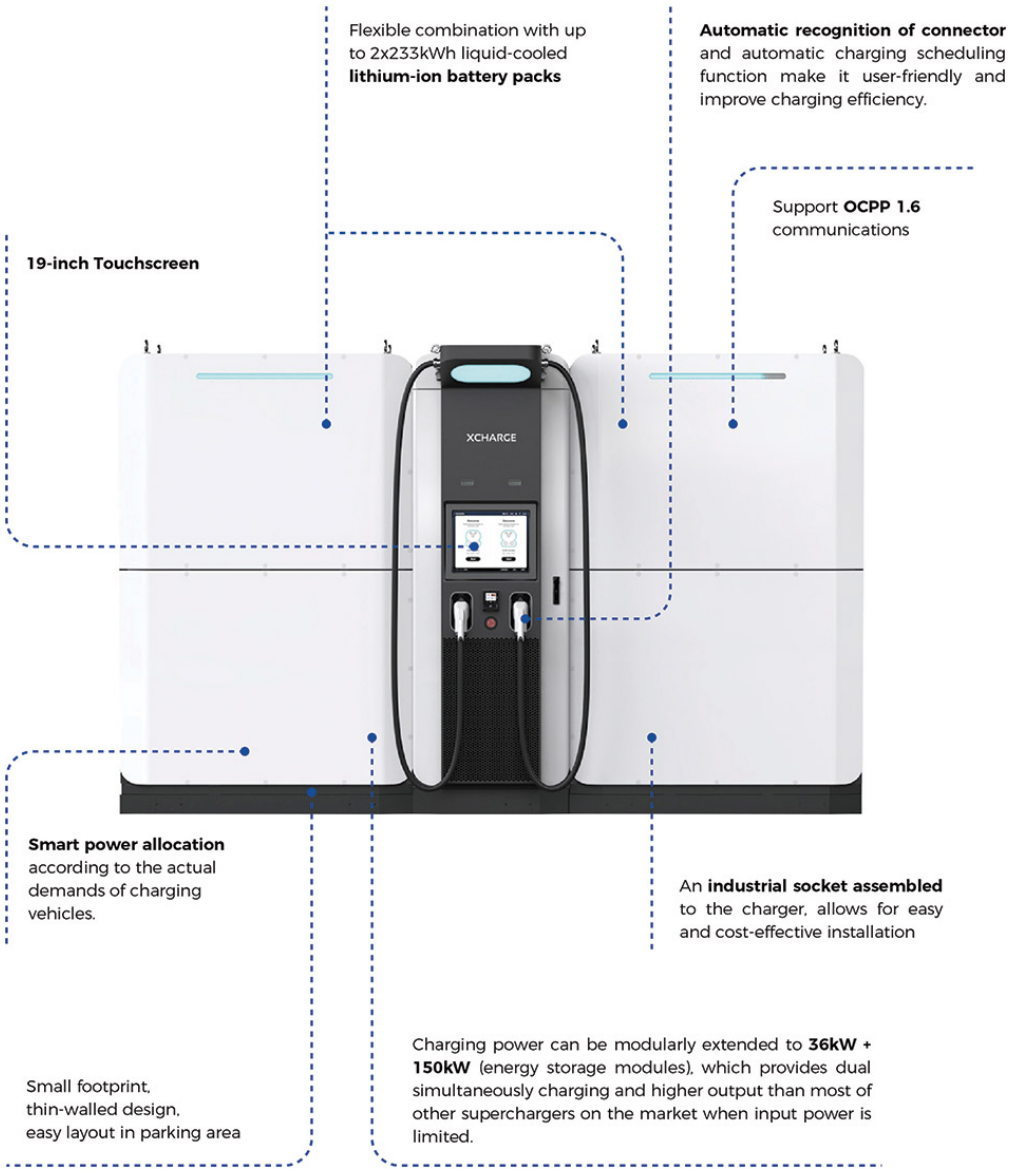


In 2021, 2022 and 2023, we delivered 807, 1,934 and 1,688 DC fast chargers, respectively.

Net Zero Series ("NZS") solution

In addition to the DC fast chargers, we introduced our advanced NZS solution in April 2022, which offers the synergy of energy storage and fast charging experience. NZS chargers are single-unit high-power chargers with a disruptive design and equipped with a liquid cooled lithium-ion battery that can store up to 233kWh of electricity per unit. Moreover, each NZS charger can be equipped with up to two storage units, which allows the maximum battery capacity at 466kWh. According to Frost & Sullivan, NZS solution is one of the earliest bi-directional charging systems to have entered the commercialization stage. An intelligent software system, our proprietary EMS, is applied in the NZS solution, which automatically optimizes energy supply and usage across the grids, batteries and EVs. Our NZS chargers are featured with different charging modes to optimize the charging process. For example, in Max mode, the chargers will deliver the maximum amount of energy and recharge the power storage unit continuously, while in Eco mode, the storage unit will only recharge during off-peak hours. We also allow operators to choose their preference in charging and discharging the batteries according to the different circumstances in local grids. Using a 30kW/60kW power plug to connect the chargers with the grids, NZS chargers are easy to install and do not heavily rely on

local infrastructure. The plug-and-play NZS chargers fit with most premises with a standard 30kW power plug, and can be easily relocated. The bi-directional charging feature and the B2G function enable energy to be purchased during off-peak hours at lower prices, and sold back to the grids during peak hours at higher prices, enabling operators to generate profit even if no vehicle is charging. NZS chargers enable 210kW output power and are able to support two vehicles charging at the same time.



As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators.

Our services

Complementary to the initial sales of products, we also offer accompanying services throughout the entire life cycle, including both software system upgrades and hardware maintenance. We start to charge our customers for the services after an inclusion period of one to two years following the sale.

For software, our self-developed software system aims to provide our customers with comprehensive solutions catering to the evolving needs of the EV industry. Our charger management enables customers to remotely connect, configure and monitor their chargers. It offers various functions such as condition monitoring, over-the-air system upgrades, and remote auto diagnosis. For NZS solution, we have developed our proprietary energy management system ("EMS"), which automatically optimizes energy supply and usage across the grids, batteries and EVs. With a standard API connector, our software system can be easily integrated with customers' existing IT systems. We also offer software updates for customers who use our software system.

For hardware, we provide repair and maintenance services for any hardware faults and errors. In addition, we provide customers with after-sales support services, including both online and field support, product training, preventative maintenance and part lifecycle management, helping to ensure smooth customer experience.

Our Revenue Model

Our revenue comprises initial sales of products, and recurring revenue from accompanying services, including software system upgrades and hardware maintenance. As the number of installed chargers grows, we expect recurring revenue to account for an increasing portion of our total revenues. For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Key Technologies

Battery safety

We take battery safety seriously. We have developed a proprietary heat treatment technology to enhance heat dissipation, which greatly reduces the size and weight of the battery pack. We have also developed an overheat alert technology to detect and discover battery failure at the early stage, thereby enabling early intervention of thermal management. This technology greatly improves the operational safety of the battery.

Smart charging

We continue to provide our customers with highly intelligent EV charging solutions at both the charger level and the software level.

All of our chargers are designed with adaptive smart charging technology. Our chargers automatically allocate power in real-time according to the charging demand of various vehicles to optimize efficiency of operation. We have also developed intelligent charging functions according to different customer categories on our software system.

Energy Management System ("EMS")

We have developed the advanced energy management system, or EMS, which encompasses various energy-related functions. For example, EMS supports the bi-directional charging functions such as battery-to-grid and vehicle-to-grid, making it possible to transmit energy both from grid to batteries or vehicles, as well as reverse transmission from vehicles or batteries to grid. The bi-directional charging function helps reduce the power demand for the grid in peak hours while providing economic energy strategy to customers. In addition, EMS features different energy management modes with different charging and discharging settings among which our customers can flexibly adjust, allowing them to optimize their strategy based on business needs.

Our Blue-Chip Customers

Our customers primarily include energy customers and charge point operators. We have also expanded our customer base to a broader group, including EV manufacturers and EV fleets. Specifically, as of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, the Americas and Asia. Customers of NZS solutions include EV manufacturers, global energy players and charge point operators. Going forward, we expect to further enhance our corporation with existing and potential customers across different regions, thereby establishing a strong presence globally.

Solution Case Study — NZS

In March 2023, our NZS solution was deployed at a customer's headquarters in Allen, Texas. Our NZS solution offers high maximum output with two charging ports that is able to reduce charging idle time. Moreover, to address customers' demand for sustainable and reliable energy solutions, its bi-directional energy storage feature supports not only vehicle charging but also emergency power for surrounding buildings and additional grid support during blackouts. We believe that this illustrates our ability to address the growing need for efficient EV charging solutions in the region. We intend to further promote the commercialization of NZS solutions to reach more customers.

Solution Case Study — C6 Series

We provided C6 DC fast chargers and our software system to BVG Berlin, a public transport company in Berlin, to support its EV bus fleet. Our smart scheduling system helps BVG Berlin to efficiently plan the charging schedules for its EV bus fleet. Once a bus arrives at the depot, the driver plugs in our charger, and our system will automatically identify the bus, its current battery power, and the scheduled departure time. Based on the departure time and power need of multiple buses charging simultaneously, our system automatically decides the charging priorities and allocates the output among chargers accordingly.

Sales and Marketing

Our solutions are sold in over 20 countries and regions across Europe, North America, Asia and other places across the world as of the date of this prospectus. We currently have a field sales force that maintains business relationships with our customers and develops new sales opportunities through lead generation and marketing. We have established a professional direct sales team primarily based in Europe. We actively promote our latest research and development achievements to attract customers and generate more revenue. In addition, we participate in various industry conferences to display our sample products, which help us extend our customer reach. We typically entered into framework agreements with our customers which set forth the parties' intent to cooperate. Pursuant to such framework agreements, customers place purchase orders to us from time to time, which set forth the details of the separately negotiated purchased amount and product specifications, based on which we prepare delivery.

Manufacturing and Supply Chain

We design our charging products in-house. For production, we primarily rely on OEMs to manufacture our products. For products manufactured by OEMs, we are primarily responsible for the procurement of hardware components, which will be installed at the OEMs. To maintain the high quality of our products, we have established a set of strict quality assurance standards for our OEMs, and have a quality assurance team on-site to oversee the entire manufacturing process. Our chargers shall undergo multiple tests, including security, electromagnetic compatibility, function and environmental tests, to prove safety and reliability of the charging equipment before deployment. We believe that our arrangement with OEMs is able to satisfy our current business needs. We also plan to construct a new manufacturing facility in Texas.

We emphasize quality control in all aspects of our operations. We devote significant resources to quality control of our products with a dedicated team. From product development, component sourcing to product assembly and delivery, we strictly control the quality of our products and components, so that our products meet our stringent internal standards as well as international and industry standards. In particular, we have attained certifications, such as EU-type examination certification, ISO certification and CE marking certification, for our charging products.

To optimize our supply chain management, we are exploring opportunities to enter into framework supply agreements with some key suppliers to strengthen our supply base. In line with our global expansion, we will also explore opportunities to engage additional suppliers to strengthen our supplier diversity. In 2021, 2022 and 2023, and up to the date of this prospectus, we have not experienced material disruptions in the sources and availability of raw materials.

Research and Development

We have invested a significant amount of time and expense into development of our charging technologies and products. Our R&D centers are located in Germany and China, and our R&D team consists of 70 people with background in engineering, software development, and design, among others. Our R&D focus remains on innovating and optimizing charging technology to maintain our competitive edge. We follow a market-oriented research and development approach to optimize our existing solutions and develop advanced solutions.

Intellectual Property

We rely on a combination of trademark, fair trade practice, intellectual property laws, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. As of December 31, 2023, we had 52 patents, 20 copyrights and 52 trademarks.

We also enter into confidentiality agreements with our employees, and we rigorously control access to our proprietary technology and information. As such, we believe the protection of our trademarks, copyrights, domain names, trade names, patents, trade secrets, know-how, and other proprietary rights is critical to our business. For risk factors relating to our intellectual properties, please see "Risk Factors — Risks Related to Our Business — The success of our business depends in large part on our ability to protect and enforce our intellectual property rights."

Environmental, Social and Governance ("ESG") Initiatives

We believe that integrating corporate responsibility into our business model is essential for sustainable growth. As we continue to expand, we are dedicated to leveraging our products and services to provide public welfare resources to all. From the outset of our operations, we have taken proactive steps to promote environmental sustainability, social responsibility, and good governance, all of which are crucial to improving our corporate governance and benefiting society.

We recognize the importance of contributing to sustainable development for the benefit of our society and environment, and our products and services promote the use of environmentally friendly technology. We are subject to environmental laws and regulations which govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We consider the protection of the environment to be important and have implemented measures in the operation of our business to ensure our compliance with all applicable requirements under applicable environmental laws and regulations. Dedicated for sustainable development, we closely monitor carbon emissions in product manufacturing. Based on our calculation, the total carbon footprint of our C6 series charger during its life cycle is approximately 1,600 CO2e per unit.

We also encourage our employees and business partners to reduce their energy consumption and carbon footprint. We strive to minimize our operational impact on the environment and promote sustainability and environmental awareness at all levels of our organization. Our initiatives include strictly controlling paper use and air conditioning temperatures, arranging cost-effective transportation for business trips, and using environmentally friendly office supplies. Additionally, we incorporate environmental considerations as part of our supplier selection process.

Ensuring the safety and health of our employees is our top priority. We comply with all applicable workplace safety and occupational health laws and regulations. To ensure our employees' safety and health, we have established multiple operational procedures and safety standards, which cover fire prevention and occupational health, among others.

At our company, we strongly believe that our employees are our most valuable asset, and we are committed to providing them with career advancement opportunities. We offer comprehensive training courses to all employees, including new hires and senior management. We offer our employees a comprehensive compensation package, including a base salary, bonuses, and various benefits. In addition, we value inclusion, diversity and equality in our human resource management policy, as well as continuously improving our support for the female community by providing equal work opportunities and management positions.

Competition

According to Frost & Sullivan, the European DC fast charger market is highly competitive and fragmented. XCHG Limited is one of the leading manufacturers by sales volume in the European DC fast charger market in 2023.

XCHG Limited is one of the earliest companies dedicated to the R&D of battery-integrated energy storage chargers. In April 2022, XCHG Limited successfully launched its self-developed product, the NZS charger, which is also one of the few battery-integrated energy storage chargers sold in the industry so far. Compared to competing models, the NZS charger offers superior performance of larger battery capacity, higher charging efficiency, greater tolerance to extreme environments, and longer service life. In addition, the NZS charger is one of the first EV charger products to provide bi-directional charging service in the world.

Employees

We had a total of 161 employees as of December 31, 2023. Our employees are primarily located in Germany, the United States and China. The following table sets forth the numbers of our employees categorized by function as of December 31, 2023.

Function	Number of Employees
Research and development	70
Sales and delivery	32
Manufacturing	26
After-sales	12
General and administrative	21
Total	**161**

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team.

We enter into standard labor contracts and confidentiality agreements with our employees. To date, we have not experienced any significant labor disputes. None of our employees are represented by labor unions.

Facilities

Our sales center is located in Germany and our R&D centers are located in Germany and the PRC. We lease our premises under operating lease agreements from independent third parties. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

Legal Proceedings

We may be involved in disputes and legal or administrative proceedings in the ordinary course of our business from time to time. We are currently not a party to any material legal or administrative proceedings. However, 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 our management's time and attention.

REGULATION

This section sets forth a summary of the principal German laws and regulations and PRC laws and regulations relevant to our global operations.

Germany

General Product Safety Liability

Our products will have to comply with product-specific or general, non-specific product safety and product liability legislation and associated regulations.

The EU has passed a directive on general product safety that applies in the absence of specific provisions among the EU regulations governing the safety of the products concerned, or if legislation on the sector is insufficient. Under this directive, manufacturers and distributors may only market products that comply with a general requirement of consumer safety. A product is safe if it does not present any risk or only the minimum risks compatible with the product's use considered to be acceptable and consistent with a high level of protection for the safety and health of persons. In addition to compliance with the safety requirement, manufacturers and distributors must provide consumers with the necessary information in order to assess a product's inherent risks and take the necessary measures to avoid such threats (for example, withdraw products from the market, inform consumers and recall products). Strict liability applies for defective products throughout the EU in addition to any consumer protections at the national level.

In Germany, the EU requirements have been implemented via the Product Safety Act (*Produktsicherheitsgesetz*) and the Product Liability Act (*Produkthaftungsgesetz*), which are accompanied by the more general provisions under the tort law codified in the German Civil Code § 823 (*Bürgerliches Gesetzbuch*).

Reuse, Recycling and Recovery

Manufacturers of electrical equipment are obligated to assist customers with the disposal, recovery and recycling of certain underlying components of their products once they have reached their end-of-life/ disposal stage, according to the German Circular Economy Act (Kreislaufwirtschaftsgesetz) in conjunction with the Electrical and Electronic Equipment Act (Elektro- und Elektronikgerätegesetz).

An EU directive on batteries (the "Batteries Directive") governs the recovery of batteries within the EU. The Batteries Directive requires manufacturers and distributors of batteries to bear a significant amount of the costs associated with proper collection and disposal of end-of-life batteries. As batteries are our major products, we may have to (potentially) incur additional costs and administrative burdens to comply with laws governing the recovery of batteries and other similar laws. The Batteries Directive, as well as an EU directive on the restrictions of the use of certain hazardous substances in electrical and electronic equipment, limit manufacturing options because they also contain prohibitions on the use of certain identified substances and materials.

Cross-border Import and Export of Products

Sales of our products may be subject to export control and sanction regulations, as well as trade policy measures, such as tariffs. We may be required to comply with export control regulations, trade and economic sanctions restrictions and embargoes imposed by multiple authorities, such as the EU and the United States. In addition, the EU, the United States and other applicable sanctions and embargo laws and regulations vary in their application (and may be inconsistent): they do not all apply to the same covered countries, persons, groups and/or entities, projects and/or activities, and such sanctions and embargo laws and regulations may be amended or strengthened from time to time.

Within our primary target market, the German internal market, the principle of free movement of goods applies. When importing good from, and exporting goods to, non-EU countries, we will have to comply with national and European foreign trade and customs regulations.

Data Protection and Privacy

The GDPR applies to the processing of personal data in the context of activities of establishments in the European Economic Area ("EEA"), regardless of whether the processing takes place in the EEA or not. The GDPR and other data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The GDPR contains strict requirements for obtaining the consent of data subjects (i.e., the persons to whom personal data relates) to the use and processing of their personal data. The GDPR also requires the implementation of appropriate technical and organizational measures, depending on the nature of the processing activities. It also imposes various obligations in the context of processing of data, including, among others, far-reaching transparency, data minimization, storage limitations, privacy by design and privacy by default obligations, data security, integrity and confidentiality obligations. In addition, it may require so-called data protection impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals. In Germany, operators of online platforms have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz*), which takes into consideration particular aspects of online communication. For example, the German Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (e.g., a requirement to include an imprint on websites and apps).

An EU directive on the processing of personal data and the protection of personal data in the electronic communications sector adopted in 2002 sets out rules to ensure security in the processing of personal data, the notification of personal data breaches and confidentiality of communications through public electronic communication services such as the internet and mobile telephony. Providers of such electronic communication services must, among others, ensure that personal data are accessed by authorized persons only, are protected from being destroyed, lost or accidentally altered and from other unlawful or unauthorized forms of processing and ensure the implementation of a security policy on the processing of personal data. The e-Privacy Directive also contains several provisions aimed at ensuring the confidentiality of electronic communications and sets forth strict (consent) requirements for the use of cookies and for unsolicited communication as part of direct marketing efforts. The e-Privacy Directive has been implemented in Germany by the German Telecommunications Act (*Telekommunikationsgesetz*). On January 10, 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council of the EU concerning the respect for private life and the protection of personal data in electronic communications (the e-Privacy Regulation), which would repeal the e-Privacy Directive. The proposal is still subject to legislative procedure and debate.

Antitrust Law

Competition and antitrust laws and regulations are designed to preserve free and open competition in the marketplace to enhance competitiveness and economic efficiency. Provisions on merger control, the prohibition of anticompetitive agreements, collusive behavior, the prohibition of abuse of a dominant position and the receipt of advantages in violation of state aid rules within the market are of particular relevance for manufacturers. National and supranational competition and antitrust authorities may initiate investigations and proceedings for alleged infringements of competition or antitrust laws, which may result in significant fines or other forms of liability or impose certain limitations or conditions regarding acquisitions and certain business practices.

Within the EU, compliance with applicable European and national competition laws is monitored by the European Commission and in some cases the national competition authorities. The EU's antitrust rules are set out in Articles 101 and 102 of the Treaty on the Functioning of the European Union ("TFEU"). Article 101(1) of the TFEU prohibits anticompetitive agreements to the extent they are not otherwise exempted by Article 101(3) of the TFEU. Article 102 TFEU prohibits the abuse of a dominant position. Article 107 (1) TFEU prohibits the granting of state aid.

Class Actions to Enforce Regulations

In the EU and certain of its member states, there is or has been an increasing prevalence of legislation governing class actions and their use to enforce regulations. As a result of these developments, consumers have increasingly powerful legal mechanisms at their disposal to collectively sue manufacturers of consumer products.

In the EU, under the banner of "A New Deal for Consumers," the European Commission is facilitating a trend towards the increasing availability and use of collective redress mechanisms in areas in which EU law grants rights, including in particular consumer protection rules and regulations. The European Commission made a non-binding recommendation for EU member states to adopt collective redress procedures in June 2013, subsequently consulted on progress in 2017 and published a report on the subject in January 2018. A proposal for a new directive regarding "better enforcement and modernization of EU consumer protection rules" has been put forward by the European Commission. EU member states have also been developing their own rules in this regard. In Germany, a law introducing a declaratory model action (*Musterfeststellungsklage*) came into force on November 1, 2018. With this new declaratory model action, certain persons are entitled to seek a legal declaration concerning factual or legal matters regarding consumer claims. Consumers can then opt in to be bound by a judgment (and under certain circumstances also a settlement) issued in the declaratory model proceedings.

PRC

Regulations Relating to Foreign Investment

The establishment, operation and management of companies in China are mainly governed by the PRC Company Law which was promulgated by the Standing Committee of the National People's Congress in December 1993, with the most recent amendment adopted in December 2023 and effective in July 2024. The PRC Company Law applies to both domestic companies and foreign-invested companies. On March 15, 2019, the National People's Congress of the PRC approved the Foreign Investment Law of the PRC, or the Foreign Investment Law, which came into effect on January 1, 2020 and replaced the Sino-foreign Equity Joint Venture Enterprise Law of the PRC, the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC and the Wholly Foreign-invested Enterprise Law of the PRC. Pursuant to the Foreign Investment Law, "foreign investment" refers to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

On December 26, 2019, the State Council promulgated the Implementing Regulations of the Foreign Investment Law of the PRC, or the Implementing Rules, with effect from January 1, 2020 to ensure the effective implementation of the Foreign Investment Law. The Implementing Rules provide that foreign-invested enterprises that invest in the PRC shall be governed by the Foreign Investment Law and the Implementing Rules.

The Foreign Investment Law and the Implementing Rules stipulate that the PRC implements a system of pre-entry national treatment plus negative list for the administration of foreign investment. "Pre-entry national treatment" means the treatment given to foreign investors and their investment at the market accessing stage being not less favorable than that given to domestic investors and their investment. "Negative list" means the special administrative measures stipulated by the State for foreign investment's access to specific areas. Foreign investors shall not invest in any area where foreign investment is prohibited as set out in the negative list; foreign investors shall meet the conditions prescribed in the negative list before investing in any area where foreign investment is restricted. Thus, the PRC grants national treatment to foreign investment outside the negative list. The currently effective negative list is published by the National Development and Reform Commission and the Ministry of Commerce on December 27, 2021, which became effective on January 1, 2022.

Except for the regulations on market entry, the Foreign Investment Law and the Implementing Rules undertake to protect the investment, incomes and other legitimate rights and interests of foreign investors in China. The Foreign Investment Law and the Implementing Rules allow foreign investors' profits, capital gains, intellectual property royalties and other gains to be freely remitted outward in accordance with the law. It also contains provisions aiming to promote foreign investment, including that the State's policies supporting enterprise development are equally applicable to foreign-invested enterprises in accordance with the law.

In terms of foreign-invested enterprises established according to the Sino-foreign Equity Joint Venture Enterprise Law of the PRC, the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC or the Wholly Foreign-invested Enterprise Law of the PRC before the implementation of the Foreign Investment Law, the Foreign Investment Law provides that they may maintain their original organization forms within five years after the implementation of the Foreign Investment Law.

Pursuant to the Foreign Investment Law and the Implementing Rules, and the Information Reporting Measures for Foreign Investment jointly promulgated by the Ministry of Commerce and the State Administration for Market Regulation, which took effect on January 1, 2020, a foreign investment information reporting system shall be established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner. In addition, the Ministry of Commerce shall set up a foreign investment information reporting system to receive and handle the investment information and inter-departmentally shared information forwarded by the administration for market regulation in a timely manner. The foreign investors or foreign-invested enterprises shall report the investment information by submitting reports, including initial reports, change reports, deregistration reports and annual reports.

Regulations Relating to Import and Export of Goods

Pursuant to the Foreign Trade Law of the PRC promulgated by the Standing Committee of the National People's Congress of the PRC, or the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and amended on April 6, 2004 and November 7, 2016, respectively, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the Ministry of Commerce (formerly known as the Ministry of Foreign Trade and Commerce) or the agency entrusted by the Ministry of Commerce. According to the Foreign Trade Law of the PRC last amended and effective on December 30, 2022, foreign trade business operators engaging in the import and export of goods or technologies are not required to go through the aforementioned record filing and registration formalities any more from December 30, 2022.

Pursuant to the Customs Law of the PRC promulgated by the SCNPC on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws. Where Customs declaration business is engaged in without being filed with the Customs, the Customs shall impose a fine against the party concerned. Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities promulgated by the General Administration of Customs on November 19, 2021 which came into effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Regulations Relating to Product Quality and Consumers Protection

Pursuant to the PRC Product Quality Law, which was last amended on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

On May 28, 2020, the National People's Congress promulgated the Civil Code of the People's Republic of China, or the PRC Civil Code, which took effect on January 1, 2021. Under the PRC Civil Code, if a

product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

Regulations Relating to Cybersecurity and Data Security

According to the Cybersecurity Law of the PRC, or the Cybersecurity Law, which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, network operators shall take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The Cybersecurity Law also stipulates that the China adopts classified system for cybersecurity protection, under which network operators are required to fulfill relevant obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and to prevent network data from being disclosed, stolen or tampered.

On July 22, 2020, the Ministry of Public Security issued the Guiding Opinions on Implementing the Cybersecurity Protection System and Critical Information Infrastructure Security Protection System to further improve the national cybersecurity prevention and control system. On December 28, 2021, the Cyberspace Administration of China, or the CAC and several other government authorities published the Revised Cybersecurity Review Measures, which came into effect on February 15, 2022 and replaced the previous version. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructures, which took effect on September 1, 2021 and provides that "critical information infrastructures" refer to any important network facilities or information systems of important industries or fields such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, and any other important network facilities or information systems which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage.

In addition, the competent governmental authorities shall notify the operators if such operators are determined as critical information infrastructure operators. On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC, or the Data Security Law, with effect from September 1, 2021. The Data Security Law establishes a data classification and hierarchical protection system depending on the importance of the data in economic and social development, and the damage caused to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Cross-border Data Transfers with effect from September 1, 2022, a data processor shall declare security assessment for its outbound data transfer if: (i) where a data processor provides critical data abroad; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) any other circumstances prescribed by the CAC. Any failure to comply with such requirements may subject to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. On February 22, 2023, the CAC

promulgated the Measures on the Standard Contract for Cross-Border Transfer of Personal Information, which became effective on June 1, 2023. These measures require personal information processors providing personal information to overseas recipients by entering into standard contracts and falling under any of the specified circumstance to file with the local counterpart of the CAC within ten business days from the effective date of the relevant standard contracts. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Standardizing Cross-Border Data Transfer, which further set forth the circumstances that are exemptedfrom, and thresholds for, performing the security assessment or filing procedures for cross-border data transfer under these measures.

On November 14, 2021, the CAC released the Regulations for the Administration of Network Data Security (Draft for Comments), or the Draft Network Data Security Regulations. The Draft Internet Data Security Regulations cover a wide range of internet data security issues, including the supervision and management of data security in the PRC, and apply to situations using networks to carry out data processing activities. The Draft Network Data Security Regulations set out general guidelines covering subjects including protection of personal information, security of important data, security management of cross-border data transmission, obligations of internet platform operators, supervision and management, and legal liabilities of internet data security. The Draft Network Data Security Regulations also require a data processor to apply to the CAC for cybersecurity review if it processes the personal information of more than one million individuals and goes listing abroad. As of the date of this prospectus, the Draft Network Data Security Regulations were released for public comment only, and the provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty.

Regulations Relating to Privacy Protection

The Civil Code of the PRC, issued by the National People's Congress of the PRC on May 28, 2020 and effective from January 1, 2021, provides legal basis for privacy and personal information infringement claims under the Chinese civil laws.

Criminal Law of the PRC, as amended on December 26, 2020, prohibits institutions, companies and their employees from selling or otherwise infringement of a citizen's personal information obtained in performing duties or providing services or obtaining such information through theft or other illegal ways.

According to the Cybersecurity Law, a network operator shall not collect personal information irrelevant to the services it provides or collect or use personal information in violation of the provisions of laws or agreements between both parties.

According to the Personal Information Protection Law of the PRC, which was promulgated by the SCNPC on August 20, 2021 and came into effect on November 1, 2021, personal information shall be handled in accordance with the principles of lawfulness, legitimacy, necessity and good faith, and it is not allowed to handle personal information by misleading, fraud, coercion or otherwise. It creates a range of compliance obligations and sets forth specific requirements on protection of electronic and non-electronic information which is related to identified or identifiable natural persons. Under the Personal Information Protection Law of the PRC, in case of any personal any personal information processing, individual prior consent must be obtained except in other circumstances stipulated therein to the contrary. Further, any data processing activities in relation to sensitive personal information, including biometrics, religious beliefs, specific identities, medical health, financial accounts, whereabouts, personal information of teenagers under fourteen years old and other personal information once leaked or illegally used might easily lead to the infringement of personal dignity or harm of personal and property safety, are only allowed provided such activities are purpose-specified, highly necessary and strictly protected. Personal information processors who use personal information on automated decision-making must ensure the transparency of decision-making and the fairness and impartiality of the results and may not impose unreasonable differential treatment in terms of transaction prices and other transaction conditions. In addition, cross-border personal information transmission is restricted unless certain requirements in the Personal Information Protection Law have been satisfied, including security review organized by the national cyberspace department and other conditions specified by the laws, regulations and the national cyberspace department.

Regulations on Construction Project, Environmental Protection, Work Safety and Fire Control

Regulations on Construction Project

Pursuant to the Administrative Measures for the Approval and Filing of Enterprise Investment Projects promulgated by National Development and Reform Commission on March 8, 2017, any fixed-asset investment project invested and constructed in China shall be subject to the approval or filing procedures with the relevant bureaus of the Development and Reform Committee of China.

Pursuant to the Urban and Rural Planning Law of the People's Republic of China as promulgated in 2007 and last amended in 2019, a License for the Planning of Construction Projects from the municipal planning authority should be obtained by constructor.

The constructor shall apply for a Construction Work Commencement License from the relevant construction authority in accordance with the Construction Law of the People's Republic of China, or the Construction Law, which was promulgated by the SCNPC in 1997 and last amended in 2019, and the Regulations on Administration regarding Permission for Commencement of Construction Works promulgated by the Ministry of Construction in 1999 and last amended in 2021 by Ministry of Housing and Urban-Rural Development. In addition, pursuant to the Construction Law and the Regulation on the Quality Management of Construction Projects promulgated by the State Council in 2000 and last amended in 2019, a construction project shall not be delivered before passing the acceptance examination.

Regulations on Environmental Protection

Pursuant to the PRC Environmental Protection Law promulgated by the SCNPC on December 26, 1989, and amended on April 24, 2014, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Pursuant to the Regulation on Urban Drainage and Sewage Treatment promulgated by the State Council on December 2, 2013 and effective from January 1, 2014, any entity engaged in industry, construction, catering, medical and other activities that discharge sewage into urban drainage facilities shall apply to the competent departments for urban drainage for a permit to discharge sewage into the drainage pipe network.

Regulations on Work Safety

Under relevant construction safety laws and regulations, including the PRC Work Safety Law, which was promulgated by the SCNPC on June 29, 2002 and last amended on June 10, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards.

Regulations on Fire Control

Pursuant to the PRC Fire Safety Law, which was promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design

Review and Acceptance of Construction Project promulgated by the Ministry of Housing and Urban-Rural Development which was last amended on August 21, 2023 and became effective on December 30, 2023, the construction entity of a large-scale crowded venue (including the construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it may be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

Regulations Relating to Intellectual Property

Regulations on Copyright

Pursuant to the Copyright Law of the PRC, or the Copyright Law, which was promulgated by the SCNPC and last amended on November 11, 2020 with effect from June 1, 2021, creators of protected works enjoy personal and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and related activities. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulations on the Protection of the Right to Communicate Works to the Public over Information Networks, as most recently amended on January 30, 2013, provide specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specify the liabilities of various entities for violations, including copyright holders, libraries and internet service providers. The Computer Software Copyright Registration Measures, promulgated by the National Copyright Administration on February 20, 2002, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright Protection Center of China are designated as the software registration authority. The Copyright Protection Center of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Regulations on Trademark

Pursuant to the Trademark Law of the PRC, which was promulgated by the SCNPC and last amended on April 23, 2019 with effect from November 1, 2019, registered trademarks refer to trademarks that have been approved and registered by the Trademark Office of China National Intellectual Property Administration. Trademark registrants enjoy an exclusive right to use the trademark, which shall be protected by law. The initial effective term of a registered trademark is ten years and will be granted another ten-year effective term upon request after expiration of the first or any renewed ten-year term. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Regulations on Patent

Pursuant to the Patent Law of the PRC, which was promulgated by the SCNPC and last amended on October 17, 2020 with effect from June 1, 2021, after the grant of the patent right for an invention, utility model, or design, unless otherwise provided thereunder, no entity or individual may, without the authorization of the patent owner, infringe the patent. A patent is valid for a twenty-year term in the case of an invention,

a fifteen-year term in the case of a design, and a ten-year term in the case of a utility model, starting from the application date.

Regulations on Domain Name

Pursuant to the Administrative Measures for Internet Domain Names, which were promulgated by the MIIT on August 24, 2017 with effect from November 1, 2017, the registration of domain names adopts the "first to file, first to register" principle and the registrant shall complete the registration via the domain name registration service institutions.

Regulations Relating to Labor Protection

Pursuant to the Labor Law of the PRC, which was promulgated by the SCNPC on July 5, 1994 and most recently amended on December 29, 2018, an employer shall establish a comprehensive management system to safeguard the rights of its employees, including developing and improving its labor safety and health system, stringently implementing national protocols and standards on labor safety and health, conducting labor safety and health education for workers, guarding against labor accidents and reducing occupational hazards. An employer must provide employees with the necessary labor protection equipment that comply with labor safety and health conditions stipulated under national regulations, as well as provide regular check-ups for workers that engage in operations with occupational hazards.

The Labor Contract Law of the PRC, which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labor Contract Law of the PRC, which were promulgated and became effective on September 18, 2008, regulate employer and employee relations and contain specific provisions on the terms of the labor contract. Labor contracts must be made in writing. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract.

Pursuant to the Social Insurance Law of the PRC, the Interim Regulations on the Collection and Payment of Social Insurance Premiums, the Regulations on Work Injury Insurance, the Regulations on Unemployment Insurance, the Trial Measures on Employee Maternity Insurance of Enterprises, enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline, and may be subject to a late payment fine at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due and a fine equal to one to three times the outstanding amount.

According to the Regulations on the Administration of Housing Provident Fund, which were promulgated by the State Council and last amended on March 24, 2019, employers are required to contribute to housing provident funds for the benefit of their employees. According to the Regulations on the Administration of Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; if the enterprise fails to rectify the noncompliance with the stipulated deadline, it be may be made to a local court for compulsory enforcement. In addition, an enterprise that fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees may be ordered to rectify the noncompliance within a stipulated deadline, where failing to rectify the noncompliance at the expiration of the time limit, it be may be subject to a fine ranging from RMB10,000 or RMB 50,000.

Regulations Relating to Tax

Regulations on Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC, which was promulgated by the SCNPC and last amended on December 29, 2018, and the Implementation Rules to the Enterprise Income Tax Law of the PRC, which were promulgated by the State Council and last amended on April 23, 2019, enterprises are classified as either resident enterprises or non-resident enterprises. The income tax rate for resident enterprises, including both domestic-invested and foreign-invested enterprises, shall typically be 25%. Non-resident enterprises which have not established agencies or offices in China, or which have established agencies or offices in China but whose income has no association with such agencies or offices shall pay enterprise income tax on its income deriving from inside China at the reduced rate of 10%.

According to the Circular of Printing the Administrative Measures for Recognition of High-Tech Enterprises amended by the Ministry of Science and Technology, Ministry of Finance and State Taxation Administration on January 29, 2016 and came into effect since January 1, 2016, upon the accreditation of the qualification of High-tech enterprises, such enterprises may apply for the entitlement of the preferential enterprise income tax treatment since the current year beginning from the valid period approved by the accreditation. A high and new technology enterprise is entitled to a favorable statutory tax rate of 15% and such enterprise should keep all statutory required relevant materials in case of future inspection. This qualification is reassessed by relevant government authorities every three years.

According to the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises which took effect on January 1, 2019, jointly issued by the Ministry of Finance and the State Taxation Administration, for the portion of annual taxable income which does not exceed RMB1,000,000, the annual taxable income shall be deducted to 25% and the income tax shall be calculated at the rate of 20%; for the portion of annual taxable income from RMB1,000,000 to RMB3,000,000, the taxable income shall be deducted to 50% and the income tax shall be calculated at the rate of 20%. The above-mentioned small and micro enterprises refer to those enterprises that are engaged in industries not restricted or prohibited by the state and meet certain conditions, including annual taxable income not exceeding RMB3,000,000, number of employees not exceeding 300, and total assets not exceeding RMB50,000,000. The implementation period for the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises was from January 1, 2019 to December 31, 2021. In 2021, the Ministry of Finance and State Taxation Administration issued the Notice on the Implementation of Preferential Income Tax for Small and Micro Enterprises and Individual Entrepreneurs, which provides a 50% reduction in corporate income tax for small and micro enterprises with annual taxable income not exceeding RMB1,000,000, on top of the preferential policies stipulated in the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises for the period from January 1, 2021 to December 31, 2022. In 2022, the Ministry of Finance and the State Taxation Administration issued the Notice on the Further Implementation of Preferential Income Tax for Small and Micro Enterprises, which provides a 50% reduction in corporate income tax for small and micro enterprises with annual taxable income from RMB1,000,000 to RMB3,000,000, on top of the preferential policies stipulated in the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises for the period from January 1, 2022 to December 31, 2024.

Regulations on Value-added Tax

According to the Provisional Regulations of the PRC on Value-added Tax ("VAT") which were promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on VAT, which were promulgated by the Ministry of Finance on December 25, 1993, and last amended on October 28, 2011, all taxpayers selling goods, providing processing, repair or replacement services, selling services, intangible properties or immovable properties within the China or importing goods to the China shall pay value-added tax.

The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. On April 4, 2018, the Ministry of Finance and the State Taxation Administration issued the Notice on Adjustment of VAT Rates, which took effect on May 1, 2018 and provides that the taxable goods previously subject to VAT rates of 17% and 11%, respectively, are subject to lower VAT rates of 16% and 10%,

respectively, starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening Value-added Tax Reform jointly promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, which became effective on April 1, 2019, the taxable goods previously subject to VAT rates of 16% and 10% respectively become subject to lower VAT rates of 13% and 9%, respectively, starting from April 1, 2019.

Regulations Relating to Foreign Exchange and Dividend Distribution

Regulations on Foreign Exchange

The fundamental regulation governing foreign exchange in China is the Foreign Exchange Administration Rules of the PRC or the Foreign Exchange Administration Rules, promulgated by the State Council on January 29, 1996 and most recently amended on August 5, 2008. Under these rules, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China, unless a prior approval of the State Foreign Exchange Administration of the PRC, or the SAFE, or its local counterparts is obtained.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance, which was promulgated by SAFE on January 26, 2017, a foreign-invested enterprise may pay dividends to its foreign direct investors through the financial institutions without the approval of SAFE; the bank shall check the relevant documents under the principle of authenticity.

According to the Circular on the Management of Foreign Exchange Control on Offshore Investment and Financing and Round Trip Investment by Domestic Residents through Special Purpose Vehicles, or the SAFE Circular 37, which was promulgated by SAFE on July 4, 2014 with effect from the same day, domestic residents shall register with the local branch of SAFE for foreign exchange registration of overseas investment before contributing the domestic and overseas lawful assets or interests into a special purpose vehicle, or the SPV, and to update such registration in the event of any change of basic information of the registered SPV or major changes in the SPV's capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. The SPV is defined as an "offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and resident individual) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of investment and financing"; "Round Trip Investment refers to "the direct investment activities carried out by a domestic resident directly or indirectly via a SPV, i.e., establishing a foreign-invested enterprise or project within the PRC through a new entity, merger or acquisition and other ways, while obtaining ownership, control, operation and management and other rights and interests".

On February 13, 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies, or the SAFE Circular 13, which came into effect on June 1, 2015. According to the SAFE Circular 13, the initial foreign exchange registration for establishing or taking control of a SPV by domestic residents can be conducted with a qualified bank, instead of a local branch of SAFE. The SAFE Circular 13 simplifies some procedures relating to foreign exchange for direct investments. On March 30, 2015, SAFE promulgated the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or the SAFE Circular 19, which came into effect from June 1, 2015. According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement or the Discretional Foreign Exchange Settlement. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local branch of SAFE (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or the SAFE Circular 16, which came into

effect on the same day. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis which applies to all enterprises registered in the PRC. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws.

On October 23, 2019, SAFE issued the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment, or the SAFE Circular 28, which came into effect on the same day. The SAFE Circular 28 allows all foreign-invested enterprises to make equity investment in the PRC using their capital, with genuine investment projects and subject to compliance with the negative list. On December 4, 2023, SAFE issued the Notice on Further Deepening Reforms to Promote the Facilitation of Trade and Investment, which provides that qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises located in specified provinces or cities may borrow foreign debt on their own, provided the amount of debt does not exceed the equivalent of US$10 million. In addition, this notice restructured the asset realization account of capital accounts to the settlement account of capital accounts. Funds denominated in foreign currency received in consideration of an equity transfer by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at the discretion of the accountholder. As of the date of this prospectus,the interpretation and implementation of these notices in practice are still subject to uncertainties.

Regulations on Dividend Distributions

The principal laws, rule and regulations governing dividends distribution by companies in the PRC are the PRC Company Law, which applies to both domestic companies and foreign-invested companies, and the Foreign Investment Law and its implementing rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to Stock Incentive Plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, or the Stock Option Rules. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers.

In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts.

Regulations Relating to Overseas Listing

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the M&A Rules, which took effect on September 8, 2006 and was amended on June 22, 2009. The M&A Rules, among other things, requires offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC domestic enterprises or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. In September 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles.

In July 2021, the PRC authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. The opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and relevant five guidelines on the application of Overseas Listing Trial Measures, effective on March 31, 2023. According to the Overseas Listing Trial Measures, companies in mainland China that seek to offer securities or list in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC. The Overseas Listing Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities offering or listing conducted by such issuer will be deemed as an indirect overseas offering or listing by PRC domestic companies: (i) more than 50% 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 companies in mainland China; and (ii) the main parts of the issuer's business activities are conducted in PRC, or its main place(s) of business are located in mainland China, or the senior managers in charge of its business operation and management are mostly PRC citizens or domiciled 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, pursuant to the guidelines on the application of Overseas Listing Trial Measures, where an issuer submits a confidential application for offering and listing to competent overseas regulators, such issuer may submit an explanation to the CSRC at the time of filing and apply for postponement of publication of the filing information, and such issuer shall notify the CSRC within three business days after the application documents for offering and listing are published overseas. Furthermore, the Overseas Listing Trial Measures provide that an overseas listing or offering by a PRC domestic company is explicitly prohibited under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security upon reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to conduct 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; (iv) the domestic company intending to conduct 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 (v) 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. For violations of these provisions or measures, the competent Chinese authorities may impose administrative regulatory measures, such as orders for correction, warnings, fines, and may pursue legal liability in accordance with law.

On February 24, 2023, the CSRC and several other Chinese authorities promulgated the Revised Confidentiality and Archives Administration Provisions, which came into effect on March 31, 2023. According to the Revised Confidentiality and Archives Administration Provisions, Chinese companies that directly or indirectly conduct overseas offerings or listings, shall strictly abide by the relevant laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering or listing. The PRC domestic companies shall obtain approval from the competent authority and file with the confidential administration

department at the same level when providing or publicly disclosing documents and materials related to state secrets or secrets of the governmental authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities or providing or publicly disclosing such documents and materials through its offshore listing entity, and shall complete corresponding procedures when providing or publicly disclosing documents and materials which may adversely influence national security and the public interest to the relevant securities companies, securities service agencies or the offshore regulatory authorities or providing or publicly disclosing such documents and materials through its offshore listing entity. The PRC domestic companies shall provide written statements on the implementation on the aforementioned rules to the relevant securities companies and securities service agencies and the PRC domestic companies shall not provide accounting files to an overseas accounting firm unless such firm comply with the corresponding procedures.

MANAGEMENT

Directors and Executive Officers

The following table provides information regarding our directors and executive officers upon completion of this offering.

Directors and Executive Officers	Age	Position/Title
Yifei Hou	36	Chief Executive Officer, Director
Aatish V Patel	28	President
Alexander Jacob Urist	31	Vice President
Lewellyn Charles Cox	31	Senior Business Development Director
Xiaoling Song	42	Chief Financial Officer
Rui Ding	37	Chairman, Chief Technology Officer
Rodney James Huey*	80	Independent Director
Alberto Méndez Rebollo*	46	Independent Director

* Each of Rodney James Huey and Alberto Méndez Rebollo has accepted appointment as an independent director, which will be effective immediately upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Yifei Hou has served as our director and chief executive officer since May 2015. From June 2014 to September 2015, Mr. Hou served as project manager at Tesla APAC. Mr. Hou graduated from the University of Toronto and received his bachelor's degree there.

Aatish V Patel joined our company in May 2022 and currently serves as our president responsible for our business operation and management in the United States. Prior to joining our company, Mr. Patel worked as an operations program manager at Desktop Metal from October 2021 to April 2022. From September 2021 to October 2021, Mr. Patel worked as a supply chain consultant at Deloitte. Prior to that, Mr. Patel worked at Formlabs Inc from October 2019 to August 2021, during which period he worked as a global sourcing engineer. From August 2018 to September 2019, Mr. Patel worked as a project engineer at Fellowes Brands. Mr. Patel holds a bachelor of science degree in mechanical engineering from New York University and a master of liberal arts degree in management from Harvard University.

Alexander Jacob Urist joined our company in May 2022 and currently serves as our vice president responsible for our business development in the United States. Prior to joining our company, Mr. Urist worked as the head of business development at SupChina Inc. from September 2018 to May 2022. From October 2016 to September 2018, Mr. Urist worked as an associate in business development at Magellan Research Group. Prior to that, Mr. Urist worked at Ascension Capital Group from May 2015 to July 2016, during which period he worked as a director in transactions. Mr. Urist holds a bachelor of arts degree in mandarin and economics from Kenyon College.

Lewellyn Charles Cox has served as our senior business development director since August 2023. Prior to joining our company, Mr. Cox worked as a business development director at MD7, LLC from July 2014 to August 2023. Prior to that, Mr. Cox worked as a performance sales manager at Ford Motor Company from June 2012 to July 2014.

Xiaoling Song has served as our chief financial officer since April 2023. Prior to joining our company, Ms. Song worked as the chief financial officer at Beijing Escope Technology Ltd., Co. from June 2021 to March 2023. From February 2019 to March 2021, Ms. Song worked as a vice president at J.P. Morgan Securities (Asia Pacific) Limited. Prior to that, Ms. Song worked at HNA Technology Co., Ltd. from March 2017 to May 2018, during which period she worked as the chief investment officer. Prior to that, Ms. Song worked at Goldman Sachs Gao Hua Securities company Limited from November 2010 to October 2015. Ms. Song graduated from Tsinghua University and received her bachelor's degree and master's degree in finance there.

Rui Ding has served as our director and our chief technology officer since May 2015. From November 2013 to September 2015, Mr. Ding served as project manager at Tesla APAC. Mr. Ding graduated from Beijing Jiaotong University and received his bachelor's degree there.

Rodney James Huey will serve as our director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Huey has served as chairman of FutureProof Financial Group Limited since 2019, and chairman of Actcelerate International Group Ltd (NSX: ACT) since 2017. Mr. Huey obtained his bachelor's degree of Science with specialisation in Financial Services from University of Manchester.

Alberto Méndez Rebollo will serve as our director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Rebollo has served as chief executive officer of Plexigrid since 2022 and served as chief procurement officer of Vattenfall from 2015 to 2022. Mr. Rebollo also served as chair and board member in several subsidiaries of Vattenfall AB from 2010 to 2021. Mr. Rebollo obtained his bachelor's degree from University of Oviedo.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Each of our executive officers is employed for a specified time period, which can be renewed upon both parties' agreement before the end of the current employment term. We may terminate an executive officer's employment for cause at any time without advance notice in certain events. We may terminate an executive officer's employment by giving a prior written notice or by paying certain compensation. An executive officer may terminate his or her employment at any time by giving a prior written notice.

Each executive officer has agreed to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use, any of our confidential information or the confidential information of our customers and suppliers. In addition, each executive officer has agreed to be bound by certain non-competition and non-solicitation restrictions during the term of his or her employment and for two years following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Board of Directors

Our board of directors will consist of four directors, including two independent directors, namely Rodney James Huey and Alberto Méndez Rebollo, upon the SEC's declaration of effectiveness of our registration statement on Form F-1 to which this prospectus forms a part. A director is not required to hold any shares in our company to qualify to serve as a director. The Corporate Governance Rules of the Nasdaq generally require that a majority of an issuer's board of directors must consist of independent directors. However, the Corporate Governance Rules of the Nasdaq permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board of directors.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he or she is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he/she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he/she may be interested therein and if he/she does so, his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers of our

company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

Committees of the Board of Directors

We intend to establish an audit committee, a compensation committee and a nominating and corporate governance committee under our board of directors immediately and adopt a charter for each of the three committees upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Each committee's members and functions are described below.

Audit Committee. Our audit committee will consist of Rodney James Huey, Alberto Méndez Rebollo and Yifei Hou, and is chaired by Rodney James Huey. We have determined that Rodney James Huey and Alberto Méndez Rebollo satisfy the requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that Rodney James Huey qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- the appointment, compensation, retention, termination, and oversight of the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the company (subject, if applicable, to shareholder ratification);
- pre-approving the audit services and non-audit services (including the fees and terms thereof) to be provided by the company's independent auditor pursuant to pre-approval policies and procedures established by the committee;
- discussing with the independent auditor its responsibilities under generally accepted auditing standards, reviewing and approving the planned scope and timing of the independent auditor's annual audit plan(s) and discussing significant findings from the audit and any problems or difficulties encountered, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management;
- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions with respect to the independent auditor to the full board on at least an annual basis;
- establishing policies for the company's hiring of current or former employees of the independent auditor;
- at least annually, evaluating the performance, responsibilities, budget and staffing of the company's internal audit function and reviewing and approving the internal audit plan;
- at least annually, evaluating the performance of the senior officer or officers responsible for the internal audit function of the company, and making recommendations to the board and management regarding the responsibilities, retention or termination of such officer or officers;
- establishing procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- at least annually, evaluating its own performance and report to the board on such evaluation;
- reviewing and assessing the adequacy of the charter of the committee on an annual basis and recommending any proposed changes to the board; and
- reviewing and approving all related-party transactions (as defined in Item 7 of Form 20-F), including, but not limited to, transactions between the company, on the one hand, and enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company, on the other hand.

Compensation Committee. Our compensation committee will consist of Yifei Hou, Rui Ding and Alberto Méndez Rebollo and is chaired by Yifei Hou. We have determined that Alberto Méndez Rebollo satisfy the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq. 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 their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving the compensation of the chief executive officer and each of the company's other executive officers;
- in consultation with the company's chief executive officer, periodically reviewing the company's management succession planning, including policies for chief executive officer selection and succession in the event of the incapacitation, retirement or removal of the chief executive officer, and evaluations of, and development plans for, any potential successors to the chief executive officer;
- reviewing and evaluating the company's executive compensation and benefits policies generally (subject, if applicable, to shareholder approval), including the review and recommendation of any incentive-compensation and equity-based plans of the company that are subject to board approval;
- reporting to the board periodically;
- at least annually, evaluating its own performance and reporting to the board on such evaluation;
- reviewing and assessing the adequacy of the charter of the committee on an annual basis and periodically recommending any proposed changes to the board for approval; and
- reviewing and assessing risks arising from the company's employee compensation policies and practices and whether any such risks are reasonably likely to have a material adverse effect on the company.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of Yifei Hou, Rui Ding and Alberto Méndez Rebollo, and is chaired by Alberto Mendez Rebollo. We have determined that Alberto Méndez Rebollo satisfy the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- overseeing searches for and identifying qualified individuals for membership on the board;
- recommending to the board criteria for board and board committee membership and recommending individuals for membership on the board and its committees;
- at least annually, leading the board in a self-evaluation to determine whether it and its committees are functioning effectively;
- at least annually, reviewing the evaluations prepared by each board committee of such committee's performance and considering any recommendations for proposed changes to the board;
- reviewing and approving compensation (including equity-based compensation) for the company's directors;
- overseeing an orientation and continuing education program for directors;
- reporting to the board periodically;
- at least annually, evaluating its own performance and reporting to the board on such evaluation; and
- periodically reviewing and assessing the adequacy of the charter of the committee and recommending any proposed changes to the board for approval.

Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests.

Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable prudent person would exercise in comparable circumstances. 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. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. In accordance with our post IPO memorandum and articles of association, the functions and powers of our board of directors include, among others, (i) directing the business and affairs of the company; (ii) adopting the corporate governance policies or initiatives of the company and determining on various corporate governance related matters; (iii) appointing any natural person or corporation to hold office in the company; (iv) exercising all the powers of the company to borrow money; (v) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings; and (iv) declaring dividends. In addition, in the event of a tie vote, the chairman of our board of directors has, in addition to his personal vote, the right to cast a tie-breaking vote.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. Each director is not subject to a term of office and holds office until such time as his successor takes office or until the earlier of his death, resignation or removal from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (i) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; (ii) is prohibited by any applicable law or rules of the Nasdaq from being a director; (iii) is found to be or becomes of unsound mind; or (vi) is removed from office pursuant to any other provisions of our post-IPO amended and restated memorandum and articles of association.

Interested Transactions

A director may, subject to any separate requirement for audit committee approval under applicable law or applicable Nasdaq rules, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

Compensation of Directors and Executive Officers

For the fiscal years ended December 31, 2023, we paid an aggregate of US$1.7 million in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For equity incentive grants to our directors and executive officers, see "— Share Incentive Plan."

Share Incentive Plan

2023 Share Incentive Plan

We adopted the 2023 Share Incentive Plan, or the 2023 Share Plan, in June 2023. The purposes of the 2023 Share Plan are to attract and retain the services of talented personnel considered essential to our success by providing additional incentives to our key employees, directors and other eligible persons, and promote the success of the Group as a whole.

Under the 2023 Share Plan, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to equity awards granted thereunder is 150,000,000 shares. As of the date of this prospectus,

all share awards for an aggregate of 150,000,000 ordinary shares have been granted and have vested pursuant to the 2023 Share Plan.

The following paragraphs summarize the terms of the 2023 Share Plan:

Plan Administration. The 2023 Share Plan shall be administered by the board of directors of the company (the "Board") or a person appointed by the Board.

Types of Awards. The 2023 Share Plan permits the awards of restricted share units.

Eligibility. Persons eligible to participate in the 2023 Share Plan include (i) full-time employees of the company, its parents, subsidiaries and any person in or of which the company or a subsidiary holds a substantial economic interest or possesses the power to direct the management policies directly or indirectly (the "Group Member"), who are senior management or key employees as determined by the administrator of the 2023 Share Plan; and (ii) directors and any person (other than an employee or a director) who is engaged by a Group Member to render consulting or advisory services to a Group Member, such as consultants.

Term of Awards. Each award under the 2023 Share Plan shall be evidenced by award agreements that set forth the conditions and limitations for each award which may include the grant of awards, vesting schedule, termination, vesting procedures, and other terms of the awards.

Duration, Amendment and Termination. The 2023 Share Plan shall remain in effect for a term of ten (10) years from the effective date. The Board may at any time terminate, amend or modify the 2023 Share Plan; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, the company shall obtain shareholder approval of any amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the 2023 Share Plan that (i) increases the number of shares available under the 2023 Share Plan (other than any adjustment related to changes in capital structure), (ii) results in a material increase in benefits or a change in eligibility requirements. Except as provided in the 2023 Share Plan or any award agreements, no amendment, modification, suspension or termination of the 2023 Share Plan shall, without the consent of the grantee, impair any rights or obligations under any award theretofore granted.

Transfer Restrictions. Unless otherwise determined by the administrator and so provided in the applicable award agreements, no awards and any interest therein may be sold, pledged, assigned, transferred or disposed of in any manner other than by will or the laws of descent and distribution, or pursuant to domestic relations order, and shall not be subject to execution, attachment or similar process. In the event that the administrator in its sole and absolute discretion makes an award transferable, the transferability shall be subject to all requirements under the applicable laws or stock exchange rules.

2023 Share Incentive Plan II

We adopted the 2023 Share Incentive Plan II, or the 2023 Share Plan II, in August 2023. The purposes and the terms of the 2023 Share Plan II are substantially the same as those of the 2023 Share Plan.

Under the 2023 Share Plan II, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to equity awards granted thereunder is 445,198,950 shares. As of the date of this prospectus, none of the share awards for the 445,198,950 ordinary shares have been granted pursuant to the 2023 Share Plan II.

The following table summarizes, as of the date of this prospectus, the number of ordinary shares underlying share awards granted to our directors and executive officers.

	Ordinary Shares Underlying Share Awards Granted	Date of Grant
Yifei Hou	60,186,532	August 2023
Rui Ding	24,867,415	August 2023
Xiaoling Song	*	August 2023

* Less than 1% of our total outstanding shares

As of the date of this prospectus, all of the share awards for the 150,000,000 ordinary shares under the 2023 Share Plan have been granted and have vested, and none of the share awards for the 445,198,950 ordinary shares under the 2023 Share Plan II have been granted.

PRINCIPAL SHAREHOLDERS

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this prospectus, assuming conversion of all of our outstanding preference shares into ordinary shares on a one-to-one basis, by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of any class of our ordinary shares.

We have adopted a dual-class voting structure which will become effective immediately prior to the completion of this offering. The 741,254,447 outstanding ordinary shares held by Next EV Limited, Next Charge Limited, Future EV Limited and Future Charge Limited prior to this offering, which are beneficially owned by Mr. Yifei Hou, our director and chief executive officer, and Mr. Rui Ding, our chairman and chief technology officer, will be re-designated into Class B ordinary shares, and the remaining outstanding ordinary shares and all of the outstanding preference shares prior to this offering will be converted and re-designated, as applicable, into Class A ordinary shares, in each case on a one-for-one basis immediately prior to the completion of this offering.

The calculations in the table below are based on 2,239,572,611 ordinary shares on an as-converted basis outstanding as of the date of this prospectus and ordinary shares outstanding immediately after the completion of this offering, including (i) Class A ordinary shares to be sold by us in this offering represented by the ADSs, (ii) 1,498,318,164 Class A ordinary shares re-designated and converted from our outstanding ordinary shares and preference shares, and (iii) 741,254,447 Class B ordinary shares re-designated from our outstanding ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Class A Ordinary Shares Beneficially Owned After This Offering		Class B Ordinary Shares Beneficially Owned After This Offering		Voting Power After This Offering***
	Number	%**	Number	%	Number	%	%
Directors and Executive Officers:†							
Yifei Hou(1)	296,417,032	13.2%					
Aatish V Patel	—	—					
Alexander Jacob Urist	—	—					
Lewellyn Charles Cox	—	—					
Xiaoling Song	*	*					
Rui Ding(2)	444,837,415	19.9%					
Rodney James Huey††	—	—					
Alberto Méndez Rebollo††	*	*					
All directors and executive officers as a group	757,875,208	33.8%					
Principal Shareholders:							
Entities affiliated with Yifei Hou(1)	296,417,032	13.2%					
Entities affiliated with Rui Ding(2)	444,837,415	19.9%					
Beijing Foreign Economic and Trade Development Guidance Fund L.P.(3)	260,180,400	11.6%					
GGV (Xcharge) Limited(4)	259,035,600	11.6%					
Shell Ventures Company Limited(5)	198,442,800	8.9%					
Zhen Partners Fund IV L.P.(6)	159,225,900	7.1%					
Wuxi Shenqi Leye Private Equity Funds Partnership L.P.(7)	126,135,217	5.6%					

* Less than 1% of our total outstanding shares on an as-converted basis.

** For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 2,239,572,611 ordinary shares outstanding as of the date of this prospectus, and (ii) the number of ordinary shares underlying the share options held by such person or group that are exercisable within 60 days after the date of this prospectus.

*** For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class.

† The business address of Rui Ding, Yifei Hou and Xiaoling Song is No.12 Shuang Yang Road, Da Xing District, Beijing, China. The business address of Aatish V Patel, Alexander Jacob Urist and Lewellyn Charles Cox is XCharge Energy USA Inc, 19121 Marketplace Avenue, Building 2 - Suite 2-145, Kyle, TX 78640.

†† Each of Rodney James Huey and Alberto Méndez Rebollo has accepted appointment as an independent director, which will be effective immediately upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

(1) Represents (i) 236,230,500 ordinary shares held by Future EV Limited, a limited liability company incorporated in British Virgin Islands, in which (1) Future Charge Limited, a wholly owned company of Mr. Yifei Hou, owns 1% of the equity interests, and (2) Blooming Star Developments Limited, a company in which Mr. Yifei Hou beneficially owns 100% of the equity interests through the trust for which he acts as the settlor and beneficiary, owns 99% of the equity interests; and (ii) 60,186,532 ordinary shares held by Future Charge Limited, a wholly owned company of Mr. Yifei Hou. Immediately prior to the completion of this offering, all the 296,417,032 ordinary shares will be re-designated into Class B ordinary shares on a one-for-one basis. The registered address of each of Future EV Limited and

Future Charge Limited is ICS Corporate Services (BVI) Limited, Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands.

(2) Represents (i) 419,970,000 ordinary shares held by Next EV Limited, a limited liability company incorporated in British Virgin Island, in which (1) Next Charge Limited, a wholly owned company of Mr. Rui Ding, owns 1% of the equity interests, and (2) Alpha First International Limited, a company in which Mr. Rui Ding beneficially owns 100% of the equity interests through the trust for which he acts as the settlor and beneficiary, owns 99% of the equity interests; and (ii) 24,867,415 ordinary shares held by Next Charge Limited, a wholly owned company of Mr. Rui Ding. Immediately prior to the completion of this offering, all the 444,837,415 ordinary shares will be re-designated into Class B ordinary shares on a one-for-one basis. The registered address of each of Next EV Limited and Next Charge Limited is ICS Corporate Services (BVI) Limited, Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands.

(3) Represents 260,180,400 Series B preference shares held by Beijing Foreign Economic and Trade Development Guidance Fund L.P., a limited partnership incorporated in the PRC, which is controlled by Beijing Liuhe Fund Management Co., Ltd., its general partner. Beijing Liuhe Fund Management Co., Ltd. is ultimately wholly owned by Beijing Municipal People's Government. Immediately prior to the completion of this offering, all of our issued and outstanding preference shares will be converted and re-designated into Class A ordinary shares on a one-for-one basis. The registered address of Beijing Foreign Economic and Trade Development Guidance Fund L.P. is Room 1505, Building A, 23 Baijiazhuang Dongli, Chaoyang District, Beijing, China.

(4) Represents 240,000,000 Series A preference shares and 19,035,600 Series A+ preference shares held by GGV (Xcharge) Limited, a limited liability company incorporated in Hong Kong. GGV (XCharge) Limited (Hong Kong) is controlled by GGV Discovery I, L.P., an exempted limited partnership organized under the laws of the Cayman Islands, which is ultimately controlled by five individuals, including Jixun Foo, Jenny Hongwei Lee, Jeffrey Gordon Richards, Glenn Brian Solomon, and Hans Tung, who have the shared voting and investment control over the shares held by such entity. Immediately prior to the completion of this offering, all of our issued and outstanding preference shares will be converted and re-designated into Class A ordinary shares on a one-for-one basis. The registered address of GGV (Xcharge) Limited is 402 JARDINE HSE 1 CONNAUGHT, PLACE CENTRAL HONG KONG.

(5) Represents 198,442,800 Series B preference shares held by Shell Ventures Company Limited, a limited liability company incorporated in the PRC, which is ultimately wholly owned by Shell plc, a public limited company, organized in England and Wales. Immediately prior to the completion of this offering, all of our issued and outstanding preference shares will be converted and re-designated into Class A ordinary shares on a one-for-one basis. The registered address of Shell Ventures Company Limited is 8th Floor, Building 1, No. 818, Shenchang Road, Minhang District, Shanghai, China.

(6) Represents 87,525,000 Series Seed preference shares, 60,000,000 Series A preference shares and 11,700,900 Series A+ preference shares held by Zhen Partners Fund IV L.P., a licensed fund incorporated in Cayman Islands, which is ultimately controlled by Best Love Charming Limited. R&H Trust Co. (Singapore) Pte. Limited, which is the trustee of The Best Love Charming Family Trust, owns 100% equity interest of Best Love Charming Limited. Mr Xiaoping Xu is the settlor of The Best Love Charming Family Trust. Immediately prior to the completion of this offering, all of our issued and outstanding preference shares will be converted and re-designated into Class A ordinary shares on a one-for-one basis. The registered address of Zhen Partners Fund IV L.P. is P.O. Box 10008, Willow House, Cricket Square. Grand Cayman KY1-1001, Cayman Islands.

(7) Represents 126,135,217 Series B+ preference shares held by Wuxi Shenqi Leye Private Equity Funds Partnership L.P., a limited partnership incorporated in the PRC, which is controlled by Wuxi Shenqi Yongcheng Private Equity Funds Partnership L.P., its general partner. Wuxi Shenqi Yongcheng Private Equity Funds Partnership L.P. is ultimately wholly owned by Ning Yang. Immediately prior to the completion of this offering, all of our issued and outstanding preference shares will be converted and re-designated into Class A ordinary shares on a one-for-one basis. The registered address of Wuxi Shenqi Leye Private Equity Funds Partnership L.P. is Room 1922-2, North, No. 5 Zhizhi Road, Huishan Economic Development Zone, Wuxi, China.

As of the date of this prospectus, we had no ordinary shares outstanding that were held by a record holder in the United States. None of our shareholders has informed us that it is affiliated with a registered broker-dealer or is in the business of underwriting securities. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. See "Description of Share Capital — History of Securities Issuances" for a description of issuances of our securities that have resulted in significant changes in ownership held by our major shareholders.

RELATED PARTY TRANSACTIONS

Private Placements

See "Description of Share Capital — History of Securities Issuances."

Transactions with Certain Shareholders

See "Description of Share Capital — History of Securities Issuances" for a description of our issuances of ordinary shares.

Transactions with Other Related Parties

Transactions with Mr. Yifei Hou

Mr. Yifei Hou is one of our founders and shareholders. We provide Mr. Yifei Hou interest free advances from time to time for fund support. In 2023, we provided an interest-free advance of RMB2.9 million (US$0.4 million) to Mr. Yifei Hou, which was fully collected in April 2024.

As of December 31, 2021, 2022 and 2023, there were no amounts due to Mr. Yifei Hou. As of December 31, 2021, 2022 and 2023, the balance of amounts due from Mr. Yifei Hou was nil, nil and US$0.4 million, respectively. Such outstanding amount was fully collected in April 2024.

Transactions with Mr. Rui Ding

Mr. Rui Ding is one of our founders and shareholders. We and Mr. Rui Ding provide each other interest free advances from time to time for fund support. In 2020, we received an interest-free advance of RMB0.8 million (US$0.1 million) from Mr. Rui Ding, which we repaid in full in 2021. In 2022, we provided an interest-free advance of RMB1.7 million (US$0.2 million) to Mr. Rui Ding, which was fully collected in September 2023. In 2023, we provided an interest-free advance of RMB1.9 million (US$0.3 million) to Mr. Ding Rui, which was collected in January 2024.

As of December 31, 2021, 2022 and 2023, there were no amounts due to Mr. Rui Ding. As of December 31, 2021, 2022 and 2023, the balance of amounts due from Mr. Rui Ding was nil, US$0.2 million and US$0.3 million, respectively. Such outstanding amount was fully collected in January 2024.

Transactions with Other Members of Management

We provide other members of management interest free advances from time to time for fund support. In 2023, we provided two other members of management an interest-free advance of RMB0.2 million (US$27 thousand), which was fully collected in September 2023. As of December 31, 2021, 2022 and 2023, there were no amounts due to or due from such members of management.

Transactions with Zhichong Technology (Shenzhen) Co., Ltd

We purchased inventories from Zhichong Technology (Shenzhen) Co., Ltd., of which we own 49% equity interest.

As of December 31, 2021, 2022 and 2023, there were no amounts due to Zhichong Technology (Shenzhen) Co., Ltd. As of December 31, 2021, 2022 and 2023, the balance of amounts due from Zhichong Technology (Shenzhen) Co., Ltd was US$21 thousand, US$68 thousand and US$85 thousand, respectively.

Transactions with Beijing Puyan Enterprise Management Co., Ltd

As a related party of one of our preference shareholders, Beijing Puyan Enterprise Management Co., Ltd is a related party of our company. On March 22, 2021, we provided a two-year loan to Beijing Puyan Enterprise Management Co., Ltd in the amount of RMB30.3 million (US$4.2 million) bearing interest at a rate of 3.85% per annum.

As of December 31, 2021, 2022 and 2023, there were no amounts due to Beijing Puyan Enterprise Management Co., Ltd. As of December 31, 2021, 2022 and 2023, the balance of amounts due from Beijing Puyan Enterprise Management Co., Ltd was US$4.9 million, US$3.2 million and US$0.4 million, respectively.

Transactions with Beijing Zhichong New Energy Technology Co., Ltd

We sold products and issued loans to Beijing Zhichong New Energy Technology Co., Ltd., of which we own 15% equity interest.

In October 2023, we provided a loan in the amount of RMB0.7 million (equivalent to US$95 thousand) to Beijing Zhichong New Energy Technology Co., Ltd. with a simple interest rate of 6% per annum. The principal and accrued interest shall be due within a year.

As of December 31, 2021, 2022 and 2023, there were no amounts due to Beijing Zhichong New Energy Technology Co., Ltd. As of December 31, 2021, 2022 and 2023, the balance of amounts due from Beijing Zhichong New Energy Technology Co., Ltd was nil, US$73 thousand and US$0.6 million, respectively.

Share Incentive Plan

See "Management — Compensation of Directors and Executive Officers" and "Management — Share Incentive Plan."

Employment Agreements and Indemnification Agreements

See "Management — Employment Agreements and Indemnification Agreements."

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our amended and restated memorandum and articles of association and the Companies Act (as revised) of the Cayman Islands, or Companies Act, and the common law of the Cayman Islands.

Our share capital is divided into ordinary shares and preference shares. In respect of all of our ordinary shares, we have power insofar as is permitted by law, to redeem or purchase any of our shares and to increase or reduce the share capital subject to the provisions of the Companies Act and the articles of association and to issue any shares, whether such shares be of the original, redeemed or increased capital, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers under our memorandum and articles of association.

As of the date of this prospectus, our authorized share capital consists of US$50,000 divided into (i) 3,524,410,240 ordinary shares with a par value of US$0.00001 each, (ii) 75,000,000 Series Angel preference shares with a par value of US$0.00001 each, (iii) 175,050,000 Series Seed preference shares with a par value of US$0.00001 each, (iv) 300,000,000 Series A preference shares with a par value of US$0.00001 each, (v) 118,971,900 Series A+ preference shares with a par value of US$0.00001 each, (vi) 602,372,700 Series B preference shares with a par value of US$0.00001 each, and (vii) 204,195,160 Series B+ preference shares with a par value of US$0.00001 each.

We plan to adopt an amended and restated memorandum and articles of association, or post-IPO memorandum and articles of association, which will become effective and replace our current memorandum and articles of association in its entirety immediately prior to the completion of this offering. Our post-IPO memorandum and articles of association provide that, immediately prior to the completion of this offering, our authorized share capital will be US$ divided into ordinary shares, comprising of (i) Class A ordinary shares with a par value of US$ each, and (ii) Class B ordinary shares with a par value of US$ each. All outstanding ordinary shares beneficially owned by Mr. Yifei Hou and Mr. Rui Ding prior to this offering will be re-designated into Class B ordinary shares, and all remaining outstanding ordinary shares and all outstanding preference shares prior to this offering will be automatically converted and re-designated, as applicable, into Class A ordinary shares, in each case on a one-for-one basis immediately prior to the completion of this offering. Immediately upon the completion of this offering, we will have an aggregate of issued and outstanding ordinary shares, including Class A ordinary shares represented by the ADSs to be issued by us in this offering, assuming the underwriters do not exercise the option to purchase additional ADSs.

The following are summaries of material provisions of our post-IPO memorandum and articles of association and the Companies Act as they relate to the material terms of our ordinary shares that we expect will become effective immediately prior to the completion of this offering.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act 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 negotiable or bearer shares or 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 that shareholder's 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).

Ordinary Shares

General

Immediately prior to the completion of this offering, our authorized share capital is US$ divided into ordinary shares, with a par value of US$ each. Holders of ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and nonassessable. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and transfer their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to receive such dividends as may be declared by our board of directors subject to our post-IPO memorandum and articles of association and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our post-IPO memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determines is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Classes of Ordinary Shares

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Except for conversion rights and voting rights, the Class A ordinary shares and Class B ordinary shares shall carry equal rights and rank *pari passu* with one another, including but not limited to the rights to dividends and other capital distributions.

Conversion Rights

A Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B ordinary shares by a holder thereof to any person which is not an affiliate of such holder, or upon a change of beneficial ownership of any Class B ordinary shares as a result of which any person who is not an affiliate of the holders of such ordinary shares becomes a beneficial owner of such ordinary shares, such Class B ordinary shares shall be automatically and immediately converted into an equal number of Class A ordinary shares.

Voting Rights

In respect of all matters subject to a shareholders' vote, holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any such general meeting. Each Class A ordinary share shall be entitled to one vote, and each Class B ordinary share shall be entitled to ten votes, on all matters subject to the vote at general meetings of our

company. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-IPO amended and restated memorandum and articles of association.

General Meetings and Shareholder Proposals

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our post-IPO memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders' meeting during each fiscal year, as required by the Listing Rules of the Nasdaq.

Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman. Cayman Islands law 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 post IPO memorandum and articles of association. Our post-IPO memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition a special meeting of the shareholders, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our post-IPO memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

A quorum required for a meeting of shareholders consists of one or more shareholders holding, in aggregate, not less than a majority of the votes attaching to all paid up share capital of our company present in person or by proxy or, if a corporation or other nonnatural person, by its duly authorized representative. Advance notice of at least seven business days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

Transfer of Ordinary Shares

Subject to the restrictions in our post-IPO amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our 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 share is to be transferred does not exceed four;
- the shares are free from any lien in favor of the company; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our 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 of the Nasdaq, be suspended and the register closed at such times and for such periods as our board of directors may in their absolute discretion from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Issuance of Additional Shares

Our post-IPO memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our 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 our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our 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 ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our post-IPO memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act 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, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or

series), whether or not our company is being wound-up, may be varied with the consent in writing of a majority of the holders of the issued shares of that class or series or with the sanction of a special resolution at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued 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 or issue of further shares ranking *pari passu* with such existing class of shares.

Inspection of Books and Records

Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (save for our memorandum and articles of association, special resolutions and the register of mortgages and charges). See "Where You Can Find Additional Information."

Changes in Capital

Our shareholders may from time to time by ordinary resolutions:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution prescribes;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of its paid up shares into stock and reconvert the stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them into shares of a smaller amount than that fixed by our post-IPO memorandum of association; provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share will be the same as it was in case of the share from which the reduced share is derived; 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 our share capital by the amount of the shares so canceled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital and any capital redemption reserve in any manner authorized by law.

Register of Members

Under the Companies Act, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, together with a statement of the shares held by each member, and such statement shall confirm of (i) the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, 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 the Companies Act, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of the Companies Act to have legal title to the shares as set against its name in the register of members. Upon completion of this offering, we will perform the procedure necessary to immediately update the register of members to record and give effect to the issuance of shares by us to the Depositary (or its nominee) as the depositary. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow recent English law statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to United States corporations and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertakings, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertakings, 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 consolidated or surviving 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. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

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 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. 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.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act 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 majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent

three-fourths in value of each such class of shareholders or creditors, as the case may be, that are 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 court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due 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.

The Companies Act 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% 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 the arrangement and reconstruction is thus approved, or a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States 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 in any action or proceedings to be brought in respect of a wrong committed against us, 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 of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to apply and follow the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against, or a derivative action in the name of, a company to challenge the following acts in the following circumstances:

- 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."

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 post-IPO memorandum of association provides that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, losses, damages and expenses incurred or sustained by such directors or officers by reason of any act done or omitted in or about the execution of their duty in their respective offices, other than by reason of such person's own fraud or dishonesty. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-IPO amended and restated memorandum and articles of association.

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

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 must act in a manner he or she reasonably believes to be in the best interests of the corporation.

A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder 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.

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 he or she owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a personal profit out of his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her 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 or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the English and commonwealth courts are moving towards an objective standard with regard to the required skill and care) and these authorities are likely to be followed in the Cayman Islands.

Under our post-IPO memorandum and articles of association, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company must declare the nature of their interest at a meeting of the board of directors. Subject to Listing Rules of the Nasdaq and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract, proposed contract, arrangement or transaction notwithstanding his interest.

Shareholder Action by Written Resolution

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our post-IPO memorandum of association provide that shareholders 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.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided 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.

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. Our post IPO memorandum and articles of association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post IPO memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

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. 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 post IPO 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.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-IPO memorandum and articles of association, directors can be removed by an ordinary resolution. In addition, a director's office shall be vacated if the director (i) gives notice in writing to the company that he or she resigns the office of director; (ii) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; (iii) is prohibited by any applicable law or rules of the Nasdaq from being a director; (iv) is found to be or becomes of unsound mind; or (v) is removed from office pursuant to any other provisions of our post-IPO amended and restated memorandum and articles of association.

Transactions with Interested 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 share 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 the target's board of directors.

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 the company are required to comply with fiduciary duties which they owe to the 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 are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution and Winding Up

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 the board.

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 Companies Act and our post IPO memorandum and articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

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. Under Cayman Islands law and our post-IPO amended and restated memorandum of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

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. Under the Companies Act and our post-IPO amended and restated memorandum of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Holders of our shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual reports containing audited financial statements.

Anti-takeover Provisions

Some provisions of our post-IPO memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including a provision that authorizes our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our post-IPO memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our post-IPO memorandum and articles of association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our ordinary shares. In addition, there are no provisions in our post-IPO memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

Issuance of Ordinary Shares

On December 16, 2021, we issued one ordinary share to ICS Corporate Services (Cayman) Limited at the consideration of US$0.0001.

On December 16, 2021, we issued 299,999,999 ordinary shares to Next EV Limited at the consideration of US$29,999.

On December 16, 2021, we issued 200,000,000 ordinary shares to Future Charge Limited at the consideration of US$20,000.

On April 14, 2023, as part of the Restructuring, we issued 3,000,000,000 ordinary shares to Next EV Limited due to reclassification of the share capital from 500,000,000 ordinary shares to 5,000,000,000 ordinary shares. On the same date, we repurchased 2,580,030,000 ordinary shares from Next EV Limited at the consideration of US$25,800.3, all of which were subsequently cancelled.

On April 14, 2023, as part of the Restructuring, we issued 2,000,000,000 ordinary shares to Future EV Limited due to reclassification of the share capital from 500,000,000 ordinary shares to 5,000,000,000 ordinary shares. On the same date, we repurchased 1,763,769,500 ordinary shares from Future EV Limited at the consideration of US$17,637.7, all of which were subsequently cancelled.

Issuance of Preference Shares

On June 30, 2023, we issued 87,525,000 Series Seed preference shares, 60,000,000 Series A preference shares and 11,700,900 Series A+ preference shares to Zhen Partners Fund IV L.P. as part of the Restructuring in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Zhen Partners Fund IV L.P. or its affiliate(s) before the Restructuring. For more details regarding Zhen Partners Fund IV L.P., see “Principal Shareholders.”

On June 30, 2023, we issued 240,000,000 Series A preference shares and 19,035,600 Series A+ preference shares to GGV (Xcharge) Limited as part of the Restructuring in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by GGV (Xcharge) Limited or its affiliate(s) before the Restructuring. For more details regarding GGV (Xcharge) Limited, see “Principal Shareholders.”

On June 30, 2023, we issued 37,500,000 Series Angel preference shares to Shanghai Dingbei Enterprise Management Consulting L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Dingbei Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 37,500,000 Series Angel preference shares to Shanghai Dingpai Enterprise Management Consulting L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Dingpai Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 88,235,400 Series A+ preference shares to Shanghai Yuanyan Enterprise Management Consulting L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Yuanyan Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 260,180,400 Series B preference shares to Beijing Foreign Economic and Trade Development Guidance Fund L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Beijing Foreign Economic and Trade Development Guidance Fund L.P. or its affiliate(s) before the Restructuring. For more details regarding Beijing Foreign Economic and Trade Development Guidance Fund L.P., see "Principal Shareholders."

On June 30, 2023, we issued 198,442,800 Series B preference shares to Shell Ventures Company Limited as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shell Ventures Company Limited or its affiliate(s) before the Restructuring. For more details regarding Shell Ventures Company Limited, see "Principal Shareholders."

On June 30, 2023, we issued 66,147,600 Series B preference shares to Chengdu Peikun Jingrong Venture Capital Partnership L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Chengdu Peikun Jingrong Venture Capital Partnership L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 22,049,100 Series B preference shares to Chengdu Peikun Songfu Technology Partnership L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Chengdu Peikun Songfu Technology Partnership L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 55,552,800 Series B preference shares to Beijing China-US Green Investment Center L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Beijing China-US Green Investment Center L.P. or its affiliate(s) before the Restructuring.

On June 30, 2023, we issued 87,525,000 Series Seed preference shares to Foshan Hegao Zhixing XIV Equity Investment Center L.P. as part of the Restructuring in connection with the exercise of warrants granted in exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Foshan Hegao Zhixing XIV Equity Investment Center L.P. or its affiliate(s) before the Restructuring.

On January 11, 2024, we issued 35,842,294 Series B+ preference shares to Mobility Innovation Fund, LLC in connection with the exercise of warrants granted in accordance with the Convertible Note Purchase Agreement. For details, see "— Convertible Notes and Issuance of Warrants."

On January 11, 2024, we issued 126,135,217 Series B+ preference shares to Wuxi Shenqi Leye Private Equity Funds Partnership L.P. in connection with the exercise of warrants granted in accordance with the Onshore Convertible Note Agreement. For details, see "— Convertible Notes and Issuance of Warrants."

Issuance of Warrants

As part of the Restructuring, we granted the following warrants to certain Existing Equityholders or their affiliates to allow them to acquire certain number of preference shares in our company based on their respective equity ownership in X-Charge Technology, such that upon the consummation of the Restructuring, all Existing Equityholders of X-Charge Technology obtained an equity interest in XCHG Limited in proportion to their respective equity ownership in X-Charge Technology immediately prior to the Restructuring

On June 30, 2023, we granted warrants to Shanghai Dingbei Enterprise Management Consulting L.P. to purchase 37,500,000 Series Angel preference shares at the purchase price of RMB8,500,000. On the same date, Shanghai Dingbei Enterprise Management Consulting L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Shanghai Dingpai Enterprise Management Consulting L.P. to purchase 37,500,000 Series Angel preference shares at the purchase price of RMB 8,500,000. On the same date, Shanghai Dingpai Enterprise Management Consulting L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Shanghai Yuanyan Enterprise Management Consulting L.P. to purchase 88,235,400 Series A+ preference shares at the purchase price of RMB20,000,000. On the same date, Shanghai Yuanyan Enterprise Management Consulting L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Beijing Foreign Economic and Trade Development Guidance Fund L.P. to purchase 260,180,400 Series B preference shares at the purchase price of RMB59,000,000. On the same date, Beijing Foreign Economic and Trade Development Guidance Fund L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Shell Ventures Company Limited to purchase 198,442,800 Series B preference shares at the purchase price of RMB45,000,000. On the same date, Shell Ventures Company Limited exercised such warrants in full.

On June 30, 2023, we granted warrants to Chengdu Peikun Jingrong Venture Capital Partnership L.P. to purchase 66,147,600 Series B preference shares at the purchase price of RMB15,000,000. On the same date, Chengdu Peikun Jingrong Venture Capital Partnership L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Chengdu Peikun Songfu Technology Partnership L.P. to purchase 22,049,100 Series B preference shares at the purchase price of RMB5,000,000. On the same date, Chengdu Peikun Songfu Technology Partnership L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Beijing China-US Green Investment Center L.P. to purchase 55,552,800 Series B preference shares at the purchase price of RMB12,597,451. On the same date, Beijing China-US Green Investment Center L.P. exercised such warrants in full.

On June 30, 2023, we granted warrants to Foshan Hegao Zhixing XIV Equity Investment Center L.P. to purchase 87,525,000 Series Seed preference shares at the purchase price of RMB15,310,170. On the same date, Foshan Hegao Zhixing XIV Equity Investment Center L.P. exercised such warrants in full.

Convertible Notes and Issuance of Warrants

On June 20, 2023, we entered into a convertible note purchase agreement with Mobility Innovation Fund, LLC ("Mobility Innovation") (the "Convertible Note Purchase Agreement"), where we agreed to issue a convertible promissory note to Mobility Innovation in a principal amount of US$2,000,000, together with a simple interest computed at a rate of 10% per annum. The note shall be due and payable the last day of nine (9) months following the closing date on July 7, 2023, subject to certain adjustment as provided in the Convertible Note Purchase Agreement. Following the satisfaction or waiver of the conditions set forth in the Convertible Note Purchase Agreement, the entire principal amount of this note will automatically be converted into Series B+ preference shares, in the number calculated and with the rights and privileges as set forth in the Convertible Note Purchase Agreement.

On June 20, 2023, X-Charge Technology entered into a convertible loan investment agreement with Wuxi Shenqi Leye Private Equity Funds Partnership L.P. ("Wuxi Shenqi Leye") and Shell Ventures Company Limited ("Shell Ventures") (the "Onshore Convertible Note Agreement"), where (i) Wuxi Shenqi Leye provided X-Charge Technology a convertible loan in a total principal amount of RMB50,000,000 with a simple interest computed at a rate of 10% per annum, and (ii) Shell Ventures provided X-Charge Technology a convertible loan in a total principal amount of RMB15,000,000 with a simple interest computed at a rate of 10% per annum. The loan principal and applicable interest shall be due and payable on the earlier of (i) the last day of nine (9) months following the closing date on July 7, 2023, subject to certain adjustment as provided in the Onshore Convertible Note Agreement and (ii) the termination date specified in a restructuring framework agreement included as an exhibit to the Onshore Convertible Note Agreement. Following the satisfaction or waiver of the conditions set forth in the Onshore Convertible Note Agreement, the loans can be convertible into Series B+ preference shares in XCHG Limited, or, if applicable, with respect to the loans from Wuxi Shenqi Leye in the principal amount of RMB20,000,000, the latest class of preference shares issued by XCHG Limited prior to the conversion of the loans, in the number calculated and with the rights and privileges as set forth in the Onshore Convertible Note Agreement. On May 27, 2024, we entered into an adjustment agreement on the convertible loan investment with Shell Ventures, pursuant to which both parties agreed that we shall repay the loan principal and applicable interest to Shell Ventures (a) upon 180 days after the consummation of a qualified IPO (as defined in the Investors' Right Agreement), if this offering is completed on or before September 30, 2024 and the proceeds from such offering are no less than US$20 million; or (b) on October 15, 2024 or any other date as mutually agreed by Shell Ventures and us in writing, if the conditions prescribed in (a) are not met on or before September 30, 2024.

On August 4, 2023, we entered into a warrant subscription agreement with Wuxi Shenqi Leye, Shell Ventures and Mobility Innovation, pursuant to which we granted warrants on August 7, 2023 (i) to Mobility Innovation to purchase Series B+ preference shares at the purchase price of US$2,000,000 in the number calculated and with the rights and privileges as set forth in the Convertible Note Purchase Agreement; (ii) to Wuxi Shenqi Leye to purchase (1) 84,104,289 Series B+ preference shares, and (2) Series B+ preference shares, or, if applicable, the latest class of preference shares issued by XCHG Limited prior to the exercise of the warrants, in the principal amount of RMB20,000,000 in the number calculated and with the rights and privileges as set forth in the Onshore Convertible Note Agreement; and (iii) to Shell Ventures to purchase 37,840,565 Series B+ preference shares. On January 11, 2024, warrants to Mobility Innovation and Wuxi Shenqi Leye have been exercised. On May 27, 2024, we entered into a warrant termination agreement with Shell Ventures, pursuant to which both parties agreed to terminate the warrants issued to Shell Ventures to purchase 37,840,565 Series B+ preference shares, effective from April 7, 2024.

Grants of Share Awards

We have granted share awards to certain of our executive officers and employees pursuant to the 2023 Share Plan. See "Management — Share Incentive Plan."

Investors' Right Agreement

In connection with the Restructuring, we have entered into an investors' right agreement (as may be amended from time to time, the "Investors' Right Agreement") with Existing Equityholders and/or their affiliates holding the equity interest of XCHG Limited.

The Investors' Right Agreement provides for certain shareholder rights, including information and inspection rights, registration rights, rights to future securities issuances, right of first refusal and co-sale right, board and management matters, protective provisions and drag-along right.

The information and inspection rights, rights to future securities issuances, right of first refusal and co-sale right, board and management matters and protective provisions will terminate and be of no further force or effect upon the consummation of this offering, provided that this offering qualifies as a qualified IPO. The drag-along right will terminate and be of no further force or effect upon the submission by the company of its listing application for a qualified IPO, provided that such rights and covenants shall automatically revive upon the withdrawal or rejection of such application. A qualified IPO is defined under the Investors' Right Agreement as an IPO that may be listed on a stock exchange in the PRC or elsewhere (including New York Stock Exchange, Nasdaq, Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange or any other stock exchange jointly acknowledged by all the Series B investors and Series B+ investors) by means of IPO and the like; provided that, (i) such IPO shall comply with all listing rules promulgated by the corresponding stock exchange; (ii) the shares held by the investors shall be registrable and transferable; (iii) the market value of the company being calculated in accordance with the offering price of each ordinary share as set forth in this prospectus is over RMB2.6 billion (i.e., the said market value of the company = offering price × number of outstanding shares of the company immediately after the offering, both information as set forth in this prospectus); and (iv) such IPO shall have been approved by all investors.

Registration Rights

Pursuant to the current Investors' Right Agreement, upon written request of any investor, if the company plans to register any ordinary shares in connection with a public offering in the United States, then such investor shall have the right to have all or any portion of the securities of the company held by such investor included in such registration, provided that such investor accepts the terms of the underwritten offering as agreed upon between the company, such other shareholders, if any, and the managing underwriter of such offering. If the managing underwriter determines that the registration of all or part of the securities which the investors have requested to be included would materially adversely affect the success of such offering, then the company shall be required to include in such registration, to the extent of the amount that the managing underwriter believes may be sold without causing such adverse effect, first, all of the securities to be offered for the account of the company; second, the securities to be offered for the account of the investors, pro rata based on the number of securities owned by each such investor; and third, any other securities requested to be included in such offering.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as the ADSs. Each ADS will represent 20 Class A ordinary shares (or a right to receive 20 Class A ordinary shares) deposited with The Hongkong and Shanghai Banking corporation, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office is located at 240 Greenwich Street, New York, New York 10286.

You may hold the ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of the ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in the ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold the ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the Class A ordinary shares underlying your ADSs. As a registered holder of the ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding the ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. See "Where You Can Find Additional Information" for directions on how to obtain copies of those documents.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation" for additional information. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution*.

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case the ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than the ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you*.

Deposit, Withdrawal and Cancelation

How are the ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of the ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. See "Description of Share Capital" for more information on the voting rights of our Class A ordinary shares underlying the ADSs. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you will not be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If (i) we asked the depositary to solicit your instructions at least 30 days before the meeting date, (ii) the depositary does not receive voting instructions from you by the specified date with respect to a question to be voted upon and (iii) we confirm to the depositary that:

- we wish to receive a proxy to vote uninstructed shares;
- we reasonably do not know of any substantial shareholder opposition to a particular question; and
- the particular question is not materially adverse to the interests of shareholders,

the depositary will consider you to have authorized and directed it to give, and it will give, a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs as to that question.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the shares represented by your ADSs.

In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if the shares represented by your ADSs are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:	For:
US$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of the ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancelation of the ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of the ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying the ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of the ADSs directly from investors depositing shares or surrendering the ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary, acts as principal for its own account and not as agent, advisor,

broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account.

The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of the ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancelation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering the ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of the ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

If there are no deposited securities underlying the ADSs, including if the deposited securities are canceled, or if the deposited securities underlying the ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of the ADSs on the U.S. over-the-counter market;
- to the extent applicable, we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of the ADSs or distribute any dividends or other distributions on deposited securities to the ADS holders (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on Our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of the ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of the ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of the ADSs to benefit from any distribution on deposited securities that is not made available to holders of the ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding the ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of the ADSs, make a distribution on the ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver the ADSs or register transfers of the ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to the ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in the ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of the ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of the ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, whether the ADS holder purchased the ADSs in this offering or secondary transactions, even if the ADS holder subsequently withdraws the underlying Class A ordinary shares. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have ADSs outstanding, representing Class A ordinary shares, or approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and [while the ADSs have been approved for listing on the Nasdaq,] we cannot assure you that a regular trading market will develop in the ADSs.

Lock-Up Agreements

We, [our directors, executive officers, existing shareholders and holders of share-based awards] have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any of our ordinary shares, as represented by the ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, as represented by the ADSs or otherwise, for a period of [180] days after the date of this prospectus. After the expiration of the [180]-day period, the ordinary shares or the ADSs held by our directors, executive officers and our existing shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

Rule 144

All of our ordinary shares outstanding prior to this offering are "restricted shares" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements. Under Rule 144 as currently in effect, a person who has beneficially owned our restricted shares for at least six months is generally entitled to sell the restricted securities without registration under the Securities Act beginning 90 days after the date of this prospectus, subject to certain additional restrictions.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, as represented by the ADSs or otherwise, which will equal approximately Class A ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our Class A ordinary shares as represented by the ADSs or otherwise on the Nasdaq during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they are also subject to notice requirements and the availability of current public information about us.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of current public information about us, and this additional restriction does not apply if they have beneficially owned our restricted shares for more than one year.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock or option plan or other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lock-up agreements described above. See "Description of Share Capital — Registration Rights."

Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act covering all ordinary shares which are either subject to outstanding options or may be issued upon exercise or vesting of any options or other equity awards which may be granted or issued in the future pursuant to our share incentive plan. We expect to file this registration statement as soon as practicable after the date of this prospectus. Shares registered under any registration statements will be available for sale in the open market, except to the extent that the shares are subject to vesting restrictions with us or the contractual restrictions and the lock-up described above.

TAXATION

The following summary of Cayman Islands, Germany, PRC and U.S. federal income tax consequences of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws, or tax laws of jurisdictions other than the Cayman Islands, Germany, PRC and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law. To the extent that the discussion relates to matters of German tax law, it represents the opinion of GÖRG Partnerschaft von Rechtsanwälten mbB, our counsel as to German law. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of Fangda Partners, our counsel as to PRC law.

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 brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Class A ordinary shares or the ADSs 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 our Class A ordinary shares or the ADSs, as the case may be, nor will gains derived from the disposal of our Class A ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of our Class A ordinary shares or the ADSs or on an instrument of transfer in respect of our Class A ordinary shares or the ADSs.

German Tax Considerations

As we expect and intend to have our place of management outside of Germany, we expect that we will not be subject to German unlimited income taxation. However, because our tax residency depends on future facts regarding the location in which we are managed and controlled, there may be uncertainty as to whether we will actually qualify as a corporation not subject to German unlimited income taxation. On the basis that our place of management will be outside of Germany, no tax should be payable by us in respect of the issue of our Class A ordinary shares or the ADSs or on an instrument of transfer in respect of our Class A ordinary shares or the ADSs under German tax law. If we maintain our place of management outside of Germany, we will not be required to withhold amounts in respect of German taxes on dividends paid on our Class A ordinary shares and the ADSs.

This section does not set forth all German tax aspects that may be relevant for the holders of our Class A ordinary shares or the ADSs. This section is based on the German tax law applicable as of the date of this prospectus. It should be noted that the law may change following the date of this prospectus and that such changes may have retroactive effect. The tax information presented in this section is not a substitute for tax advice. Prospective holders of Class A ordinary shares or the ADSs should consult their own tax advisors regarding the tax consequences of the purchase, ownership, disposition, exercise, donation or inheritance of ordinary shares or warrants in light of their particular circumstances, including the effect of any state, local, or other foreign or domestic laws or changes in tax law or interpretation. Only an individual tax consultation can appropriately account for the particular tax situation of each investor.

PRC Tax Considerations

Although we are incorporated in the Cayman Islands, we may be treated as a PRC resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law. Under the Enterprise Income Tax 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 implementing rules of the Enterprise Income Tax Law merely define the "de facto management body" as the "organizational body which effectively manages and controls the production and business operation, personnel, accounting, properties and other aspects of operations of an enterprise." According to the Notice Regarding the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of "De Facto Management Bodies" issued by the SAT in 2009, an enterprise established outside of the PRC will be regarded as a PRC resident enterprise by virtue of having a "de facto management body" in PRC and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (i) the places where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties are mainly located within the territory of China; (ii) financial decisions (such as money borrowing, lending, financing and financial risk management) and personnel decisions (such as appointment, dismissal and salary and wages) are decided or need to be decided by organizations or persons located within the territory of China; (iii) main property, accounting books, corporate seal, the board of directors and files of the minutes of shareholders' meetings of the enterprise are located or preserved within the territory of China; and (iv) one half (or more) of the directors or senior management staff having the right to vote habitually reside within the territory of China.

We do not believe our company or any of our subsidiaries outside the PRC are PRC resident enterprises for PRC tax purposes. 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 we were to be considered a PRC tax resident enterprise, then dividends that we pay and gains realized on the sale or other disposition of the ADSs or Class A ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (which in the case of dividends may be withheld at source), if such dividends or gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders (including ADS holders) of our company would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise.

United States Federal Income Tax Considerations

The following are material U.S. federal income tax consequences to the U.S. Holders described below of the ownership and disposition of the ADSs or Class A ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire the ADSs or Class A ordinary shares. This discussion applies only to a U.S. Holder that acquires the ADSs in this offering and holds the ADSs or underlying Class A ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including the alternative minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- regulated investment companies;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or Class A ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes and partners or investors therein;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";

- persons that own or are deemed to own ADSs or Class A ordinary shares representing 10% or more of our stock by vote or value; or
- persons holding ADSs or Class A ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or Class A ordinary shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or Class A ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ADSs or Class A ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended ("the Code"), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC (the "Treaty"), all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

For purposes of this discussion, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of the ADSs or Class A ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying Class A ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying Class A ordinary shares represented by those ADSs.

This discussion does not address any state, local or non-U.S. tax considerations, or any federal taxes (such as estate or gift taxes) other than income taxes. U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or Class A ordinary shares in their particular circumstances.

Taxation of Distributions

The following is subject to the discussion under "— *Passive Foreign Investment Company Rules*" below.

Distributions paid on the ADSs or Class A ordinary shares, other than certain pro rata distributions of ADSs or Class A ordinary shares, generally will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends.

Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Because the ADSs are expected to be listed on the Nasdaq, subject to applicable limitations, dividends paid to certain noncorporate U.S. Holders of ADSs may be taxable at a preferential rate. Noncorporate U.S. Holders should consult their tax advisers regarding the availability of this preferential tax rate on dividends in their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of receipt by the depositary (in the case of ADSs) or the U.S. Holder (in the case of Class A ordinary shares). The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate of exchange in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. 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. Foreign currency gain or loss generally will be treated as U.S.-source gain or loss.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in "— PRC Tax Considerations," dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of dividend income will include any amounts withheld in respect of PRC taxes. Subject to applicable limitations that vary depending upon the U.S. Holder's circumstances and the discussion below regarding certain Treasury regulations, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable rate provided in the Treaty if the U.S. Holder is eligible for Treaty benefits) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for non-U.S. income taxes to be creditable, the relevant non-U.S. income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets this requirement. The U.S. Internal Revenue Service (the "IRS") has released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a credit, a U.S. Holder may elect to deduct creditable non-U.S. income taxes, including PRC taxes, in computing its taxable income, subject to applicable limitations. An election to deduct creditable non-U.S. taxes instead of claiming foreign tax credits applies to all creditable non-U.S. taxes paid or accrued in the taxable year. U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Sale or Other Taxable Disposition of ADSs or Class A Ordinary Shares

The following is subject to the discussion under "— *Passive Foreign Investment Company Rules*" below.

A U.S. Holder generally will recognize capital gain or loss on the sale or other taxable disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized and the U.S. Holder's tax basis in the ADSs or Class A ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or Class A ordinary shares for more than one year. Long-term capital gains recognized by noncorporate U.S. Holders are subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in "— PRC Tax Considerations," if we are deemed to be a "resident enterprise" under PRC tax law, any gain on the sale of ADSs or Class A ordinary shares may be subject to PRC taxes. Under the Code, capital gains of U.S. persons generally are treated as U.S.-source income. However, U.S. Holders that are eligible for the benefits of the Treaty may be able to elect to treat the gain as foreign-source income under the Treaty and claim a foreign tax credit in respect of any PRC taxes on disposition gains. Certain Treasury regulations generally preclude a U.S. Holder from claiming a foreign tax credit with respect to PRC income taxes on gains from dispositions of ADSs or Class A ordinary shares unless the U.S. Holder is eligible for the benefits of the Treaty and elects to apply them. As discussed above under "— *Taxation of Distributions*," the IRS has released notices that provide relief from certain of their provisions (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, even if these Treasury regulations do not prohibit a U.S. Holder from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude a U.S. Holder from claiming a foreign tax credit with respect to PRC income taxes on disposition gains. If a U.S. Holder is precluded from claiming a foreign tax credit, it is possible that any PRC income taxes on disposition gains may either be deductible or reduce the amount realized on the disposition.

The rules governing foreign tax credits and deductibility of foreign taxes are complex. U.S. Holders should consult their tax advisers regarding their eligibility for the benefits of the Treaty and the creditability or deductibility of any PRC or other non-U.S. tax on disposition gains in their particular circumstances, including the Treaty's resourcing rules, any reporting requirements with respect to a Treaty-based return position and any applicable limitations.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive

income; or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of these calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, investment gains, and certain rents and royalties. Cash and cash equivalents are generally treated as passive assets. Goodwill generally is treated as an active asset to the extent associated with activities that generate active income.

Based on the expected composition of our income and assets and the estimated value of our assets, including goodwill, which is based in part on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year. Specifically, our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill, which may be determined in large part by reference to our market capitalization, which could be volatile). Because following this offering we are expected to hold a substantial amount of cash, we may be or become a PFIC for any taxable year if our market capitalization declines or fluctuates significantly. Accordingly, we cannot assure U.S. Holders of the ADSs or Class A ordinary shares that we will not be a PFIC for the current or any future taxable year.

If we are a PFIC for any taxable year and any entity in which we own equity interests is also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders will be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the next paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder will not receive any proceeds of those distributions or dispositions directly.

Generally, if we are a PFIC for any taxable year during which a U.S. Holder owns the ADSs or Class A ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of the ADSs or Class A ordinary shares will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ADSs or Class A ordinary shares exceed 125% of the average of the annual distributions on the ADSs or Class A ordinary shares received during the preceding three taxable years or the U.S. Holder's holding period, whichever is shorter, the excess distributions will be subject to taxation in the same manner. If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or Class A ordinary shares, we generally will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs or Class A ordinary shares, even if we cease to meet the threshold requirements for PFIC status. If, however, we are a PFIC for any taxable year but cease to be a PFIC for subsequent taxable years, the U.S. Holder may make a timely "deemed sale" election which will allow the U.S. Holder to eliminate the continuing PFIC status, in which case any gain on the deemed sale will be taxed under the PFIC rules described above. U.S. Holders should consult their tax advisers regarding the advisability of making this election.

Alternatively, if we are a PFIC for any taxable year and if the ADSs are "regularly traded" on the Nasdaq, a U.S. Holder of ADSs may make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs will be treated as "regularly traded" for any calendar year in which more than a *de minimis* quantity of the ADSs is traded on the Nasdaq on at least 15 days during each calendar quarter. If a U.S. Holder of ADSs makes the mark-to-market election, for each taxable year that we are a PFIC, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of such U.S. Holder's taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of such U.S. Holder's taxable year, but only to the extent of the net amount of income previously included as a result of the mark-to-market election. If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect

the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "— *Taxation of Distributions*" above (but subject to the discussion in the immediately subsequent paragraph). Once made, the election will remain in effect for all taxable years in which we are a PFIC, unless it is revoked with the IRS's consent, or the ADSs cease to be regularly traded on a qualified exchange. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances in the case that we are a PFIC for any taxable year. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have Lower-tier PFICs. There is no provision in the Code, Treasury regulations, or other official guidance that provides for a right to make a mark-to-market election with respect to any Lower-tier PFICs the shares of which are not regularly traded on a qualified exchange. As a result, even if a U.S. Holder makes a mark-to-market election with respect to its ADSs, the U.S. Holder could nevertheless be subject to the PFIC rules described above regarding its indirect interest in any Lower-tier PFIC. In addition, because our Class A ordinary shares will not be publicly traded, a U.S. Holder that holds Class A ordinary shares that are not represented by ADSs generally will not be eligible to make a mark-to-market election with respect to such shares.

If we are a PFIC (or are treated as a PFIC with respect to a U.S. Holder) for a taxable year in which we pay a dividend or for the prior taxable year, the preferential tax rate described above with respect to dividends paid to certain noncorporate U.S. Holders will not apply.

We do not intend to provide the information necessary for U.S. Holders to make a "qualified electing fund" election, which, if available, could materially affect the tax consequences of the ownership and disposition of the ADSs or Class A ordinary shares if we are a PFIC for any taxable year. Therefore, U.S. Holders will not be able to make this election.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ADSs or Class A ordinary shares, the U.S. Holder generally will be required to file annual reports on IRS Form 8621 with respect to us and any Lower-tier PFIC, generally with the U.S. Holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or Class A ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and proceeds from the sale of ADSs and Class A ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding, generally on IRS Form W-9. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. Certain U.S. Holders who are individuals (or one of certain specified entities) may be required to report information relating to their ownership of ADSs or Class A ordinary shares, or non-U.S. accounts through which the ADSs or Class A ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to their ownership and disposition of ADSs and Class A ordinary shares.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated , we [and the selling shareholders] have agreed to sell to the underwriters named below, for whom Deutsche Bank AG, Hong Kong Branch and Huatai Securities (USA), Inc. are acting as representatives, the following respective numbers of the ADSs:

Underwriter	Number of the ADSs
Deutsche Bank AG, Hong Kong Branch	
Huatai Securities (USA), Inc.	
Tiger Brokers (NZ) Limited	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the ADSs in the offering if any are purchased, other than those ADSs covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We [and the selling shareholders] have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional ADSs from us [and [an aggregate of] additional outstanding ADSs from the selling shareholders] at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of the ADSs.

The underwriters propose to offer the ADSs initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per ADS. The underwriters and selling group members may allow a discount of $ per ADS on sales to other broker/dealers. After the initial public offering, the representatives may change the public offering price and concession and discount to brokers/dealers.

The following table summarizes the compensation and estimated expenses we [and the selling shareholders] will pay:

	Per ADS		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$
[Underwriting Discounts and Commissions paid by selling shareholders]	$	$	$	$
[Expenses payable by the selling shareholders]	$	$	$	$

We have agreed to reimburse the underwriters for certain of their expenses in an amount up to US$ million.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 (the "Securities Act") relating to, any of our Class A ordinary shares or the ADSs or securities convertible into or exchangeable or exercisable for any of our Class A ordinary shares or the ADSs, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus, subject to certain exceptions.

Our officers and directors and all of our existing shareholders and holders of share-based awards have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our Class A ordinary shares or the ADSs or securities convertible into or exchangeable or exercisable for our Class A ordinary shares or the ADSs, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our Class A ordinary shares or the ADSs, whether any of these transactions are to be settled by delivery of our Class A ordinary shares or the ADSs or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

[The underwriters have reserved for sale at the initial public offering price up to % of the ADSs for employees, directors and other persons associated with us who have expressed an interest in purchasing the ADSs in the offering. If purchased by these persons, these ADSs will be subject to a 180-day lock-up restriction. The number of the ADSs available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved ADSs. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs.]

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. Deutsche Bank AG, Hong Kong Branch will offer ADSs in the United States through its SEC-registered broker-dealer affiliate in the United States, Deutsche Bank Securities Inc. Tiger Brokers (NZ) Limited is not a broker-dealer registered with the SEC and, to the extent that its conduct may be deemed to involve participation in offers or sales of ADSs in the United States, those offers or sales will be made through one or more SEC-registered broker-dealers in compliance with applicable laws and regulations.

The address of Deutsche Bank AG, Hong Kong Branch 60/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The address of Huatai Securities (USA), Inc. is 21 Floor East, 280 Park Avenue, New York, NY 10017. The address of Tiger Brokers (NZ) Limited is Level 27, 151 Queen Street, Auckland Central, Auckland 1010.

We have applied to list the ADSs on the Nasdaq. The ADSs have been approved for listing on the Nasdaq, subject to official notice of issuance, under the symbol “XCH.”

Prior to this offering, there has been no public market for our Class A ordinary shares or the ADSs. The initial public offering price was determined by negotiations among us and the representatives and will not necessarily reflect the market price of the Class A ordinary shares or the ADSs following this offering. The principal factors that were considered in determining the initial public offering price included:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of, and prospects for, the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development, results of operations and our current financial condition;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded ADSs of generally comparable companies.

We cannot assure you that the initial public offering price will correspond to the price at which the ADSs will trade in the public market subsequent to this offering or that an active trading market for the ADSs will develop and continue after this offering.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the “Exchange Act”).

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of the ADSs in excess of the number of the ADSs the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of the ADSs over-allotted by the underwriters is not greater than the number of the ADSs that they may purchase in the over-allotment option. In a naked short position, the number of the ADSs involved is greater than the number of the ADSs in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing the ADSs in the open market.
- Syndicate covering transactions involve purchases of the ADSs in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of the ADSs to close out the short position, the underwriters will consider, among other things, the price of the ADSs available for purchase in the open market as compared to the price at which they may purchase the ADSs through the over-allotment option. If the underwriters sell more ADSs than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying the ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the ADSs originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result the price of the ADSs may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Nasdaq, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of the ADSs to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Conflicts of Interest

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. These investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

No action may be taken in any jurisdiction other than the United States that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. Any offer in Australia of the ADSs may only be made to persons, or the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act. The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring the ADSs must observe such Australian on-sale restrictions. This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any ADSs recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Bermuda

The ADSs may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation. The offer of the ADSs under the offering is private and is not intended for the public. This prospectus has not been approved by the Bermuda Monetary Authority or the Registrar of Companies in Bermuda. Any representation to the contrary, explicit or implicit is prohibited.

British Virgin Islands

The ADSs are not being and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription. The ADSs may be offered to companies incorporated under the BVI Business Companies Act, 2004 ("BVI Companies"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands. This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the ADSs for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National

Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, and are located in Alberta, BC, Ontario or Quebec. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

Dubai International Financial Center

This prospectus relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation (each, a "Relevant Member State"), no ADSs have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the ADSs may be offered to the public in that Relevant Member State at any time:

a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the ADSs shall require the Issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

The below sets forth common "qualified investors," though others exist:

(i) legal entities which are authorized or regulated to operate in the financial markets, including: credit institutions, investment firms, other authorized or regulated financial institutions, insurance

companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities not so authorized or regulated whose corporate purpose is solely to invest in securities; or

(ii) national and regional governments, central banks, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

For the purposes of this provision, the expression an "offer to the public" in relation to the ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for any ADSs, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any ADSs under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the underwriters and their affiliates and us that:

a) it is a qualified investor within the meaning of the Prospectus Regulation; and

b) in the case of any ADSs acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (i) the ADSs acquired by it in the Offering have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or have been acquired in other circumstances falling within the points (a) to (d) of Article 1(4) of the Prospectus Regulation and the prior consent of the underwriters has been given to the offer or resale; or (ii) where the ADSs have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those ADSs to it is not treated under the Prospectus Regulation as having been made to such persons.

We, the underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the underwriters of such fact in writing may, with the prior consent of the underwriters, be permitted to acquire the ADSs in the Offering.

France

Neither this prospectus nor any other offering material relating to the ADSs described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ADSs has been or will be:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;
- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the ADSs to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance

with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l'épargne).

The ADSs may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Germany

This prospectus does not constitute a Prospectus Directive-compliant prospectus in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) and does therefore not allow any public offering in the Federal Republic of Germany, or Germany, or any other Relevant Member State pursuant to § 17 and § 18 of the German Securities Prospectus Act. No action has been or will be taken in Germany that would permit a public offering of the ADSs, or distribution of a prospectus or any other offering material relating to the ADSs. In particular, no securities prospectus (Wertpapierprospekt) within the meaning of the German Securities Prospectus Act or any other applicable laws of Germany, have been or will be published within Germany, nor has this prospectus been filed with or approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) for publication within Germany.

Each underwriter will represent, agree and undertake (i) that it has not offered, sold or delivered and will not offer, sell or deliver the ADSs within Germany other than in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) and any other applicable laws in Germany governing the issue, sale and offering of the ADSs, and (ii) that it will distribute in Germany any offering material relating to the ADSs only under circumstances that will result in compliance with the applicable rules and regulations of Germany.

This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

The ADSs may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Israel

This prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority.

In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following: 1) a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law

for Joint Investments in Trust, 5754-1994, or a management company of such a fund; 2) a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund, 256; 3) an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968; 4) a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968; 5) a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account; 6) a company that is a member of the Tel Aviv Stock Exchange, acting on its own account, or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968; 7) an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968; 8) a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above average risk); 9) an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and 10) an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million. These persons and entities are collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they meet the criteria for one of the categories of investors set forth in the prospectus.

Italy

The offering of the ADSs has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly, no ADSs may be offered, sold or delivered, nor copies of this prospectus or any other documents relating to the ADSs may not be distributed in Italy except:

- to "qualified investors," as referred to in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended, or the Decree No. 58, and defined in Article 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("Regulation No. 16190") pursuant to Article 34-ter, paragraph 1, letter. b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("Regulation No. 11971"); or
- in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any offer, sale or delivery of the ADSs or distribution of copies of this prospectus or any other documents relating to the ADSs in the Republic of Italy must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993, as amended, or the Banking Law, Decree No. 58 and Regulation No. 16190 and any other applicable laws and regulations;
- in compliance with Article 129 of the Banking Law, and the implementing guidelines of the Bank of Italy, as amended; and
- in compliance with any other applicable notification requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Please note that, in accordance with Article 100-bis of Decree No. 58, where no exemption from the rules on public offerings applies, the subsequent distribution of the ADSs on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971.

Furthermore, the ADSs which are initially offered and placed in Italy or abroad to qualified investors only in the following year are regularly ("sistematicamente") distributed on the secondary market in Italy to nonqualified investors and become subject to the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Failure to comply with such rules may result in the sale of the ADSs being declared null and void and in the liability of the intermediary transferring the ADSs for any damages suffered by such non-qualified investors.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred en bloc without subdivision to a single investor.

Kingdom of Saudi Arabia

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority") pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the ADS under the offering offered hereby should conduct their own due diligence on the accuracy of the information relating thereto. If you do not understand the contents of this prospectus, you should consult an authorized financial adviser.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds," its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the ADSs has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the ordinary shares as principal, if the offer is on terms that the ordinary shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the ordinary shares is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any ADSs requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

PRC

This prospectus has not been and will not be circulated or distributed in the PRC, and the ADSs may not be offered or sold, and will not be offered or sold, directly or indirectly, to any resident of the PRC or to persons for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, the PRC does not include Taiwan and the Special Administrative Regions of Hong Kong and Macao.

Qatar

The ADSs have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar ("Qatar") in a manner that would constitute a public offering. This prospectus has not been reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange or the Qatar Financial Markets Authority. This prospectus is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of

Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor.

Securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA: We have determined that the ADSs shall be (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

Due to restrictions under the securities laws of South Africa, the ADSs are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

i. the offer, transfer, sale, renunciation or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorized financial service providers under South African law;

(e) financial institutions recognized as such under South African law;

(f) a wholly owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "South African Companies Act")) in South Africa is being made in connection with the issue of the ADSs. Accordingly, this prospectus does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the ADSs in South Africa constitutes an offer of the ADSs in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this prospectus must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "SA Relevant Persons"). Any investment or investment activity to which this prospectus relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

South Korea

The ADSs have not been and will not be registered with the Financial Services Commission of Korea for public offering in South Korea under the Financial Investment Services and Capital Markets Act (the "FSCMA"), and none of the ADSs may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea, including the FSCMA and the Foreign Exchange Transaction Law (the "FETL") and the decrees and regulations thereunder. Furthermore, the ADSs may not be resold to South Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

Switzerland

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the ADSs described herein. The ADSs may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the ADSs constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this prospectus nor any other offering or marketing material relating to the ADSs may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, nor the company nor the ADSs has been or will be filed with or approved by any Swiss regulatory authority. The ADSs are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the ADSs will not benefit from protection or supervision by such authority.

Taiwan

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

United Arab Emirates (Excluding the Dubai International Financial Center)

The ADSs have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates, or U.A.E., other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific selling restrictions on prospective investors in the Dubai International Financial Centre set out below.

The information contained in this prospectus does not constitute a public offer of ADSs in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority, or DFSA. If you do not understand the contents of this prospectus, you should consult an authorized financial adviser. This prospectus is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

United Kingdom

In relation to the United Kingdom, no ADSs have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the ADSs which has been approved by the Financial Conduct Authority in accordance with the UK Prospectus Regulation, except that it may make an offer to the public in the United Kingdom of the ADSs at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the ADSs shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation.

In the United Kingdom, the offering is only addressed to, and is directed only at, "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation, who are also (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons being referred to as "relevant persons"). This prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

For the purposes of this provision, the expression an "offer to the public" in relation to the ADSs in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offerings and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe for the ADSs, and the expression "UK Prospectus Regulation" means the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and the Nasdaq listing fee, all amounts are estimates. The company will pay all of the expenses of this offering.

Expenses	**Amount**
SEC registration fee	US$
Nasdaq listing fee	US$
FINRA filing fee	US$
Printing and engraving expenses	US$
Legal fees and expenses	US$
Accounting fees and expenses	US$
Miscellaneous costs	US$
Total	**US$**

LEGAL MATTERS

We are being represented by Davis Polk & Wardwell LLP with respect to certain legal matters of U.S. federal securities and New York state law. The underwriters are being represented by Latham & Watkins, LLP with respect to certain legal matters as to U.S. federal securities and New York State law. The validity of the Class A ordinary shares represented by the ADSs offered in this offering and other certain legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder (Hong Kong) LLP. Legal matters as to German law will be passed upon for us by GÖRG Partnerschaft von Rechtsanwälten mbB. Legal matters as to PRC law will be passed upon for us by Fangda Partners and for the underwriters by Haiwen & Partners. Davis Polk & Wardwell LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law, GÖRG Partnerschaft von Rechtsanwälten mbB with respect to matters governed by German law, and Fangda Partners with respect to matters governed by PRC law. Latham & Watkins LLP may rely upon Haiwen & Partners with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements of XCHG Limited as of December 31, 2022 and 2023 and for each of the years in the three-year period ended December 31, 2023, have been included herein and in the registration statement in reliance upon the report of KPMG Huazhen LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report covering the December 31, 2023 consolidated financial statements contains an explanatory paragraph that states that the redeemable preferred shareholders have rights to request the company to redeem all of the redeemable preference shares if the company has not consummated a qualified initial public offering or qualified share sale by September 30, 2024, that raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

The office of KPMG Huazhen LLP is located at 8th Floor, KPMG Tower, Oriental Plaza, No.1 East Chang An Avenue, Beijing, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet site at **www.sec.gov** that contains reports, proxy and information statements and other information we have filed electronically with the SEC.

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 executive 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 THE CONSOLIDATED FINANCIAL STATEMENTS

XCHG LIMITED

CONTENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
XCHG Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of XCHG Limited and subsidiaries (the Company) as of December 31, 2022 and 2023, the related consolidated statements of comprehensive income (loss), changes in shareholders' deficit and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2(a) to the consolidated financial statements, the redeemable preferred shareholders have rights to request the Company to redeem all of the redeemable preference shares if the Company has not consummated a qualified initial public offering or qualified share sale by September 30, 2024, that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2(a). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG Huazhen LLP

We have served as the Company's auditor since 2023.

Beijing, China
June 10, 2024

XCHG LIMITED

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2022	As of December 31, 2023
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents		8,338,302	15,660,786
Restricted cash		332,135	32,024
Accounts receivable, net	3	7,559,944	12,495,375
Amounts due from related parties	18	3,611,080	1,671,220
Inventories	4	6,230,359	6,656,708
Prepayments and other current assets	5	2,111,405	3,228,984
Total current assets		**28,183,225**	**39,745,097**
Non-current assets			
Property and equipment, net	6	229,013	576,376
Intangible assets, net		57,689	27,130
Long-term investments		107,687	105,892
Operating lease right-of-use assets, net	7	561,502	505,417
Total non-current assets		**955,891**	**1,214,815**
Total assets		**29,139,116**	**40,959,912**
LIABILITIES			
Current liabilities			
Short-term bank borrowings	8	4,122,832	5,560,027
Accounts payable		6,629,837	5,750,157
Contract liabilities		2,809,664	1,332,132
Operating lease liabilities – current	7	236,433	294,028
Convertible debts	9	—	12,516,331
Financial liability	11	242,393	247,265
Accrued expenses and other current liabilities	10	3,951,678	5,027,620
Total current liabilities		**17,992,837**	**30,727,560**
Non-current liabilities			
Operating lease liabilities – non-current	7	289,527	172,070
Other non-current liabilities		8,609	79,964
Total non-current liabilities		**298,136**	**252,034**
Total liabilities		**18,290,973**	**30,979,594**

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

XCHG LIMITED

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2022	As of December 31, 2023
		US$	US$
Commitment and contingencies			
Mezzanine equity			
Series Angel preference shares (US$0.00001 par value; 37,500,000 shares authorized, issued and outstanding as of December 31, 2022 and 2023. Liquidation preference of US$1,220,458 and US$1,200,107 as of December 31, 2022 and 2023)	13	1,220,458	1,176,340
Series Angel redeemable preference shares (US$0.00001 par value; 37,500,000 shares authorized, issued and outstanding as of December 31, 2022 and 2023. Redemption value of US$1,220,458 and US$1,200,107 as of December 31, 2022 and 2023; Liquidation preference of US$1,220,458 and US$1,200,107 as of December 31, 2022 and 2023)	13	1,220,458	1,176,340
Series A redeemable preference shares (US$0.00001 par value; 300,000,000 shares authorized, issued and outstanding as of December 31, 2022 and 2023. Redemption value of US$7,635,384 and US$8,043,015 as of December 31, 2022 and 2023; Liquidation preference of US$7,500,000 and US$7,500,000 as of December 31, 2022 and 2023)	13	7,635,384	8,043,015
Series A+ redeemable preference shares (US$0.00001 par value; 118,971,900 shares authorized, issued and outstanding as of December 31, 2022 and 2023. Redemption value of US$3,686,144 and US$3,732,918 as of December 31, 2022 and 2023; Liquidation preference of US$3,686,144 and US$3,720,623 as of December 31, 2022 and 2023)	13	3,937,712	3,795,370
Series B redeemable preference shares (US$0.00001 par value; 602,372,700 shares authorized, issued and outstanding as of December 31, 2022 and 2023. Redemption value of US$21,889,771 and US$23,253,627 as of December 31, 2022 and 2023; Liquidation preference of US$19,613,108 and US$19,286,070 as of December 31, 2022 and 2023)	13	24,880,147	25,825,948
Total mezzanine equity		**38,894,159**	**40,017,013**
SHAREHOLDERS' DEFICIT			
Ordinary shares (US$0.00001 par value; 3,728,605,400 shares authorized; 656,200,500 and 806,200,500 shares issued and outstanding as of December 31, 2022 and 2023, respectively)	14	6,562	8,062
Series Seed preference shares (US$0.00001 par value; 175,050,000 shares authorized, issued and outstanding as of December 31, 2022 and 2023)	14	2,000,000	2,000,000
Additional paid – in capital		—	6,563,764
Accumulated other comprehensive income		780,852	1,824,365
Accumulated deficit		(30,833,430)	(40,432,886)
Total shareholders' deficit		**(28,046,016)**	**(30,036,695)**
Total liabilities, mezzanine equity and shareholders' deficit		**29,139,116**	**40,959,912**

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

XCHG LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Note	For the Years Ended December 31, 2021	2022	2023
		US$	US$	US$
Revenues	19	13,155,892	29,423,540	38,511,652
Cost of revenues		(8,528,611)	(18,718,951)	(20,937,827)
Gross profit		**4,627,281**	**10,704,589**	**17,573,825**
Operating expenses:				
Selling and marketing expenses		(2,423,086)	(3,515,712)	(6,433,317)
Research and development expenses		(1,710,551)	(2,816,116)	(4,061,037)
General and administrative expenses		(2,460,333)	(2,745,618)	(14,025,391)
Total operating expenses		**(6,593,970)**	**(9,077,446)**	**(24,519,745)**
Government grants		39,154	27,838	428,066
Operating income (loss)		**(1,927,535)**	**1,654,981**	**(6,517,854)**
Changes in fair value of financial instruments	12	(12,419)	(190,557)	(1,472,118)
Interest expenses		(339,059)	(66,959)	(194,500)
Interest income		213,429	200,882	100,832
Income (loss) before income taxes		**(2,065,584)**	**1,598,347**	**(8,083,640)**
Income tax benefit (expense)	16	(1,300)	11,612	—
Net income (loss)		**(2,066,884)**	**1,609,959**	**(8,083,640)**
Accretion of redeemable preference shares to redemption value	13	(1,035,151)	(1,528,789)	(2,377,429)
Deemed dividends to certain Series B redeemable preferred shareholders upon the re-designation of Series Angel shares to Series B redeemable preference shares		(2,502,082)	—	—
Undistributed earnings attributable to redeemable preferred shareholders and Series Seed preferred shareholders of the Company		—	(53,538)	—
Net income (loss) attributable to ordinary shareholders		**(5,604,117)**	**27,632**	**(10,461,069)**
Net income (loss)		**(2,066,884)**	**1,609,959**	**(8,083,640)**
Other comprehensive income (loss)				
Foreign currency translation adjustment, net of nil income taxes		(765,334)	2,582,996	1,043,513
Comprehensive income (loss)		**(2,832,218)**	**4,192,955**	**(7,040,127)**
Earnings (loss) per ordinary share	17			
− Basic and diluted		(0.01)	—	(0.01)
Weighted average number of ordinary shares outstanding used in computing net loss per ordinary share				
– Basic and diluted		656,200,500	656,200,500	713,323,788

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

XCHG LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

	Ordinary shares		Series Seed preference shares	Series Angel shares	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' deficit
	Number	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts
Balance as of January 1, 2021	**656,200,500**	**6,562**	**2,000,000**	**693,125**	**4,369,471**	**(1,036,810)**	**(23,868,745)**	**(17,836,397)**
Net loss	—	—	—	—	—	—	(2,066,884)	**(2,066,884)**
Re-designation of Series Angel shares to Series B redeemable preference shares (see Note 14)	—	—	—	(693,125)	(4,369,471)	—	(3,943,820)	**(9,006,416)**
Accretion of redeemable preference shares to redemption value	—	—	—	—	—	—	(1,035,151)	**(1,035,151)**
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	(765,334)	—	**(765,334)**
Balance as of December 31, 2021	**656,200,500**	**6,562**	**2,000,000**	—	—	**(1,802,144)**	**(30,914,600)**	**(30,710,182)**
Net income	—	—	—	—	—	—	1,609,959	**1,609,959**
Accretion of redeemable preference shares to redemption value	—	—	—	—	—	—	(1,528,789)	**(1,528,789)**
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	2,582,996	—	**2,582,996**
Balance as of December 31, 2022	**656,200,500**	**6,562**	**2,000,000**	—	—	**780,852**	**(30,833,430)**	**(28,046,016)**
Cumulative effect of adoption of ASC 326	—	—	—	—	—	—	(29,923)	**(29,923)**
Balance as of January 1, 2023	**656,200,500**	**6,562**	**2,000,000**	—	—	**780,852**	**(30,863,353)**	**(28,075,939)**
Net loss	—	—	—	—	—	—	(8,083,640)	**(8,083,640)**
Issuance of unvested shares	150,000,000	1,500	—	—	7,455,300	—	—	**7,456,800**
Accretion of redeemable preference shares to redemption value	—	—	—	—	(891,536)	—	(1,485,893)	**(2,377,429)**
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	1,043,513	—	**1,043,513**
Balance as of December 31, 2023	**806,200,500**	**8,062**	**2,000,000**	—	**6,563,764**	**1,824,365**	**(40,432,886)**	**(30,036,695)**

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

XCHG LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Operating activities:			
Net income (loss)	**(2,066,884)**	**1,609,959**	**(8,083,640)**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Allowance for credit losses	271,599	322,873	185,283
Share-based compensation	—	—	7,456,800
Write-down of inventories	146,819	—	155,600
Depreciation and amortization	217,291	138,051	202,884
Reduction in the carrying amount of right-of-use assets	262,754	272,080	318,393
Loss on disposal of property and equipment	1,092	7,828	2,044
Amortization of loan discount related to short-term bank borrowings	219,331	(72,484)	—
Changes in fair value of financial instruments	12,419	190,557	1,472,118
Unrealized foreign currency transaction loss (gain)	127,983	(423,154)	(205,823)
Changes in operating assets and liabilities:			
Accounts receivable	(4,430,595)	(3,597,098)	(5,062,424)
Amounts due from related parties	30,184	(256,478)	(469,422)
Inventories	(2,168,916)	(3,376,876)	(663,491)
Prepayments and other current assets	(602,412)	(409,862)	167,284
Accounts payable	917,440	4,087,093	(859,571)
Contract liabilities	445,292	1,172,753	(1,533,075)
Operating lease liabilities	(263,612)	(269,692)	(345,391)
Accrued expenses and other current liabilities	383,884	1,460,767	1,615,056
Other non-current liabilities	17,224	(7,618)	71,864
Net cash provided by (used in) operating activities	**(6,479,107)**	**848,699**	**(5,575,511)**
Investing activities:			
Issuance of a loan to a related party of a preferred shareholder	(4,750,311)	—	—
Issuance of a loan to a related party	—	—	(94,738)
Proceeds from collection of the loan to a related party of a preferred shareholder	—	1,435,833	2,886,378
Cash paid for purchase of property and equipment and intangible assets	(92,968)	(213,673)	(525,915)
Net cash provided by (used in) investing activities	**(4,843,279)**	**1,222,160**	**2,265,725**
Financing activities:			
Proceeds from short-term bank borrowings	3,099,195	6,401,765	6,298,822
Repayment of short-term bank borrowings	(3,719,035)	(3,758,890)	(4,649,967)
Interest free advances to the Founders and executive officers	—	(244,092)	(704,543)
Repayment of interest free advance from one of the Founders	(120,289)	—	—
Proceeds from collection of advances to the Founders and executive officers	—	—	271,575
Proceeds from issuance of Series B redeemable preference shares	16,110,713	—	—
Payment for issuance cost of Series B redeemable preference shares	(181,158)	—	—
Cash paid to the existing equity holders of X-Charge Technology in connection with the restructuring	—	—	(32,947,273)
Cash received from the existing equity holders of X-Charge Technology in connection with the restructuring	—	—	32,947,273
Payments of initial public offering (“IPO”) cost	—	(120,610)	(1,525,934)
Proceeds from issuance of the convertible debts	—	—	11,053,172
Net cash provided by financing activities	**15,189,426**	**2,278,173**	**10,743,125**
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148,093	(506,594)	(410,966)
Net increase in cash, cash equivalents and restricted cash	**4,015,133**	**3,842,438**	**7,022,373**
Cash, cash equivalents and restricted cash at the beginning of the year	812,866	4,827,999	8,670,437
Cash, cash equivalents and restricted cash at the end of the year	**4,827,999**	**8,670,437**	**15,692,810**
Supplemental cash flow information:			
Interest paid	132,032	119,279	76,901
Income taxes paid	—	—	—
Non-cash investing and financing activities:			
Accrual of IPO cost	—	198,113	—
Re-designation of Series Angel shares to Series B redeemable preference shares (see Note 13)	9,006,416	—	—
Consideration payable in connection with long-term investments	—	107,687	—

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

XCHG LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

(a) Organization and principal activities

XCHG Limited ("the Company", "XCHG"), together with its subsidiaries (collectively, the "the Group"), is principally engaged in designing, manufacturing and selling of Electric Vehicle ("EV") chargers under the brand name of "X-Charge" (collectively referred to as the "X-Charge Business"). The Group's principal operations and geographic markets are mainly in the People's Republic of China ("PRC"), the Europe and the United States.

(b) Restructuring

Beijing X-Charge Technology Co., Ltd. ("X-Charge Technology") was established in 2015 under the laws of PRC by Mr. Ding Rui and Mr. Hou Yifei (the "Founders") to be engaged in the X-Charge business. In preparation for the Company's initial public offering, the Group has completed certain corporate reorganization transactions (the "Restructuring") as described below, through a series of intermediary holding companies to acquire 100% of the equity interest in X-Charge Technology, and issue new shares of the Company to the beneficial owners of X-Charge Technology ("Existing Equity holders") or their affiliates, such that an offshore shareholding structure was established.

On December 16, 2021, the Company was incorporated in the Cayman Islands. The Company is an investment company with no substantial assets and liabilities immediately prior to the Restructuring and has no operations. In December 2021, the Company established Xcar Limited, a wholly-owned subsidiary in British Virgin Islands ("BVI"), which in turn, established Xcharge HK Limited, a wholly-owned subsidiary in Hong Kong in January 2022. On June 29, 2023, Xcharge HK Limited obtained control over X-Charge Technology and become an intermediate offshore holding company of X-Charge Technology.

The Restructuring principally involved the following steps:

i. In June 2023, the Founders canceled their respective equity interests in X-Charge Technology in exchange for ordinary shares of XCHG Limited. Immediately after the completion of the Restructuring, Next EV Limited, an affiliate of Mr. Ding Rui, held 419,970,000 ordinary shares of XCHG Limited, and Future EV Limited, an affiliate of Mr. Hou Yifei, held 236,230,500 ordinary shares of XCHG Limited.

ii. In June 2023, Beijing X-charge Management Consulting Centre (Limited Partnership) canceled its 7.2199% equity interests in X-Charge Technology, which served as share-based awards for future grants to employees. Prior to the Restructuring, X-Charge Technology did not grant any such share-based awards. In June 2023, XCHG Limited adopted a share incentive plan, or the 2023 Share Plan, under which the maximum number of ordinary shares which may be issued accounts for 7.2199% of share capital of XCHG Limited (or 150,000,000 ordinary shares) on a fully diluted basis, assuming all ordinary shares under the share incentive plan are outstanding.

iii. Depending on the applicability of certain PRC foreign exchange regulatory procedures and requirements, the existing preference equity holders of X-Charge Technology canceled their respective equity interests in X-Charge Technology in exchange for either cash proceeds equal to their original investment in X-Charge Technology or preference shares of XCHG Limited;

    (a) With respect to certain existing preference equity holders of X-Charge Technology who are required to complete certain PRC foreign exchange regulatory procedures before they are permitted to acquire preference shares of XCHG Limited, X-Charge Technology transferred cash to these Existing Equity holders of X-Charge Technology in an amount equal to their original investment in X-Charge Technology in exchange for their equity interests in X-Charge Technology. In connection with the transfer, XCHG Limited also issued warrants to such Existing Equity holders of X-Charge Technology (or their affiliates) to purchase preference shares of XCHG Limited. The warrant arrangements were contemplated solely to facilitate the

completion of the Restructuring. Specifically, these Existing Equity holders were required to complete certain PRC foreign exchange regulatory procedures (which were administrative in nature and completed on June 30, 2023) before they or their affiliates were permitted to acquire preference shares of XCHG Limited. The warrants, in substance, served the purpose of ensuring they will continue to retain substantially the same equity holder rights during the interim period, if any, until they exercised the warrants to acquire preference shares of XCHG Limited. The exercise price of the warrants held by each of such Existing Equity holders (or their affiliates) equals their respective cash proceeds received from the cancellation of equity interests in X-Charge Technology.

On June 30, 2023, XCHG Limited granted the warrants to such Existing Equity holders (or their affiliates) of X-Charge Technology who are required to complete certain PRC foreign exchange regulatory procedures. On the same date, all of such warrant holders exercised their warrants in full and accordingly because the relevant PRC foreign exchange regulatory procedures were completed on the same date, and XCHG Limited issued such number of preference shares to such warrant holders.

(b) With respect to the existing preference equity holders of X-Charge Technology who are not required to complete such PRC foreign exchange regulatory procedures, on June 30, 2023, XCHG Limited issued preference shares to them or their affiliates, as consideration in exchange for the respective equity interests that they held in X-Charge Technology.

On June 30, 2023, the Company issued Series Angel, Series A, Series A+ and Series B redeemable preference shares to redeemable preferred equity holders of X-Charge Technology and issued Series Seed preference shares to Series Seed preferred equity holders of X-Charge Technology in exchange for the respective equity interests that they held in X-Charge Technology. Collectively, all the Series Angel, Series A, Series A+ and Series B redeemable preference shares are referred to as the "Preference Shares". The terms of the Preference Shares and Series Seed preference shares of the Company substantially mirror those of the preferred equity of X-Charge Technology.

Upon the consummation of the Restructuring on June 30, 2023, all Existing Equity holders of X-Charge Technology obtained an equity interest of XCHG Limited in proportion to their respective equity ownership in X-Charge Technology immediately prior to the Restructuring and the Company became the ultimate holding company of X-Charge Technology. The issuance and the exercise of the warrants on June 30, 2023 (with no ability of the warrant holder to do anything other than exercise immediately), because of the lack of substance, does not have any accounting consequences.

Because the equity interests in X-Charge Technology before the Restructuring were the same as the shareholding percentages of XCHG Limited after the Restructuring, and the rights of each equity interest holder of X-Charge Technology before the Restructuring were substantially identical with the rights of each shareholder of XCHG Limited immediately after the Restructuring, the establishment of the corporate structure of XCHG Limited is treated as and accounted for as a recapitalization of X-Charge Technology that lacks economic substance, and the consolidated financial statements of XCHG were prepared as if the corporate structure of XCHG Limited after the Restructuring had been in existence since the beginning of the periods presented. That is, the consolidated financial statements of XCHG include the results of the operations and the statement of financial position of X-Charge Technology as of the beginning of the earliest period presented. XCHG's consolidated financial position as of December 31, 2022 and 2023, and its results of operations for each of the years in the three-year period ended December 31, 2023 represent the continuation of the consolidated financial statements of X-Charge Technology, except for the capital structure and per share information of the Company, which is retrospectively adjusted from the earliest period in the consolidated financial statements presented to reflect the legal capital structure of XCHG. Accordingly, the effect of the ordinary shares, the Preference Shares and Series Seed preference shares issued by the Company pursuant to the Restructuring have been presented retrospectively as of the beginning of the earliest period presented on the consolidated financial statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") assuming the Group will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, if the Company has not consummated a Qualified IPO or Qualified share sale by September 30, 2024, which are out of the control of the Company, the redeemable preferred shareholders have rights to request the Company to redeem all of the redeemable preference shares. The aggregate redemption amount for all redeemable preference shares by September 30, 2024 is US$39.0 million. As a result, substantial doubt about the Company's ability to continue as a going concern exists.

The Group is evaluating strategies to obtain additional funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, issuing debt or entering into other financing arrangements, obtaining agreements with the existing investors to extend the due dates for outstanding debt and the redemption dates of redeemable preference shares. However, the Group may be unable to access to future equity or debt financing when needed. As such, there can be no assurance that the Group will be able to obtain additional liquidity when needed or under acceptable terms, if at all.

The consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Group were unable to continue as a going concern.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances among the Company and its wholly-owned subsidiaries have been eliminated upon consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported period in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but not limited to, allowance for doubtful accounts, write downs for excess and obsolete inventories, the realization of deferred income tax assets and the fair value of ordinary shares, redeemable preference shares, convertible debts and share-based compensation awards. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

(d) Commitments and contingencies

In the normal course of business, the Group is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, and non-income tax matters. An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss 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.

(e) Cash and cash equivalents

Cash and cash equivalents consisted of cash on hand, cash at bank and term deposits, which have original maturities of three months or less and are readily convertible to known amounts of cash. The Group's cash and cash equivalents, excluding cash on hand, are deposited in financial institutions at below locations:

	As of December 31,	
	2022	2023
	US$	US$
Financial institutions in the mainland of the PRC		
—Denominated in RMB	5,075,057	10,388,623
—Denominated in USD	—	1,310,999
—Denominated in EUR	2,726,960	3,070,557
Total cash and cash equivalents balances held at mainland PRC financial institutions	**7,802,017**	**14,770,179**
Financial institution in Germany		
—Denominated in EUR	487,754	660,248
Total cash balances held at a Germany financial institution	**487,754**	**660,248**
Financial institutions in the USA		
—Denominated in USD	47,846	230,180
Total cash balances held at a USA financial institution	**47,846**	**230,180**
Total cash and cash equivalents balances held at financial institutions	**8,337,617**	**15,660,607**

(f) Restricted cash

Restricted cash is cash deposited with a bank in conjunction with certain contract liabilities. Restriction on the use of such cash and the interest earned thereon is imposed by the bank and remains effective until the Group fulfills the delivery obligations or returns to these customers. Restricted cash is classified as current assets on the Group's consolidated balance sheets, as all the balance are expected to be released to cash within the next 12 months from December 31, 2022 and 2023, respectively. The Group's restricted cash are denominated in EUR and are deposited at a financial institution in Germany.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	As of December 31,	
	2022	2023
	US$	US$
Cash and cash equivalents	8,338,302	15,660,786
Restricted cash	332,135	32,024
Total cash, cash equivalents and restricted cash	**8,670,437**	**15,692,810**

(g) Accounts receivable, net

Accounts receivable primarily consists of receivables from customers, which are recognized and carried at the original invoice amount less an allowance for credit losses.

Prior to the adoption of ASC 326, *Financial Instruments — Credit Loss*, the Group establishes an allowance for doubtful accounts primarily based on the aging of the receivables and factors surrounding the credit risk of specific customers. Accounts receivable balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The Group adopted ASC 326, *Financial Instruments — Credit Loss* on January 1, 2023 using the modified retrospective approach. Upon adoption of ASC 326 starting from January 1, 2023, the provision of credit losses for accounts receivable is based upon the current expected credit losses ("CECL") model. The CECL model requires an estimate of the credit losses expected over the life of accounts receivable since initial recognition, and accounts receivable with similar risk characteristics are grouped together when

estimating CECL. In assessing the CECL, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical credit loss experience, adjusted for relevant factors impacting collectability and forward-looking information indicative of external market conditions. While the Group uses the best information available in making determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Group's control. Accounts receivable which are deemed to be uncollectible are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There is a time lag between when the Group estimates a portion of or the entire account balances to be uncollectible and when a write off of the account balances is taken. The Group does not have any off-balance sheet credit exposure related to its customers. The effect of the adoption on the cumulative deficit as of January 1, 2023 was US$29,923.

(h) Inventories

Inventories, consisting of raw materials, work in progress and finished goods, are stated at the lower of cost or net realizable value. The cost of inventory is determined using the weighted average cost method. Cost of finished goods comprise direct materials, direct production costs and an allocation of production overheads based on normal operating capacity. Inventory that is sold to third parties is included within cost of revenues. Inventory that is installed on the operator properties where the Company retains ownership is transferred to property and equipment at the carrying value of the inventory. Inventory is written down for damaged and slow-moving goods, which is dependent upon factors such as historical and forecasted consumer demand. When appropriate, write downs to inventory are recorded to write down the cost of inventories to their net realizable value.

(i) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and any recorded impairment.

The estimated useful lives are as follows:

Machinery and equipment	5 years
EV Chargers	5 years
Office and electronic equipment	3 ~ 5 years
Software	10 years
Leasehold improvements	shorter of 5 years or lease term
Vehicle	5 years

Depreciation commences when the asset is ready for its intended use. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets.

When items are retired or otherwise disposed of, income is charged or credited for the difference between net book value and the proceeds received thereon. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized and amortized over the remaining useful life.

(j) Intangible assets, net

Intangible asset mainly represents acquired licenses, which are amortized on a straight-line basis over the estimated useful life of 3 years. The estimated life of intangible assets subject to amortization is reassessed if circumstances occur that indicate the life has changed. Amortization expenses were nil, US$25,083 and US$29,597 for the years ended December 31, 2021, 2022 and 2023, respectively.

(k) Leases

The Group adopts ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02") for all periods presented. The Group elects the short-term lease exemption for all contracts with lease terms of 12 months or less.

The Group determines if an arrangement is a lease or contains a lease at lease inception. For operating leases, the Group as a lessee recognizes a right-of-use ("ROU") asset and a lease liability based on the present

value of the lease payments over the lease term on the consolidated balance sheets at commencement date. Lease expense is recorded on a straight-line basis over the lease term. As most of the Group's leases do not provide an implicit rate, the Group estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. The Group's leases often include options to extend and lease terms include such extended terms when the Group is reasonably certain to exercise those options. Lease terms also include periods covered by options to terminate the leases when the Group is reasonably certain not to exercise those options.

The Group elects not to separate non-lease components from lease components, therefore, accounts for lease component and non-lease components as a single lease component.

(l) Impairment of long-lived assets

Long-lived assets such as property and equipment, intangible assets and operating lease right-of-use assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets or asset groups by comparing the carrying value of the assets or asset groups with an estimate of future undiscounted cash flows expected to be generated from the use of the assets or asset groups and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets or asset groups, the Group recognizes an impairment loss based on the excess of the carrying value of the assets or asset groups over the fair value of the assets or asset groups. No impairment of long-lived assets or asset groups was recognized for the years ended December 31, 2021, 2022 and 2023.

(m) Value added taxes

The Company's PRC subsidiaries and German subsidiary are subject to value added tax ("VAT"). Revenues from sales of products are generally subject to VAT at the rate of 13% for PRC subsidiaries and 19% for German subsidiary, respectively. Revenues from services are generally subject to VAT at the rate of 6% for PRC subsidiaries. The Group paid to local tax authorities after netting input VAT on purchases. The excess of output VAT over input VAT is reflected in accrued expenses and other current liabilities, and the excess of input VAT over output VAT is reflected in prepayments and other current assets in the consolidated balance sheets.

(n) Financial liability

Financial liability, consisting of warrants to purchase redeemable equity interest of X-Charge Technology, is recorded on the consolidated balance sheets at fair value. Changes in fair values was included in the changes in fair value of financial instruments on the consolidated statements of comprehensive income (loss).

(o) Fair value measurements

Fair value represents the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Accounting guidance establishes a three-level fair value hierarchy and 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 are:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

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.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, other receivables included in prepayments and other current assets, short-term bank borrowings, accounts payable, financial liability, convertible debts and other payables included in accrued expenses and other current liabilities. Financial liability and convertible debts were measured at fair value using unobservable inputs and categorized in Level 3 of the fair value hierarchy, see Note 12. The carrying amounts of other short-term financial assets and liabilities approximate their fair values because of the short maturity of these instruments.

(p) Revenue recognition

The Group generates substantially all of its revenues from sales of electric vehicles ("EV") chargers to the Group's PRC domestic and overseas customers. The Group also generates its revenues from provision of EV chargers related support services.

The Group adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606") for all periods presented.

The Group recognizes revenues upon the satisfaction of its performance obligation (upon transfer of control of promised goods or services to customers) in an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services, excluding amounts collected on behalf of third parties (for example, value added taxes). For each performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Group does not satisfy a performance obligation over time, it recognizes revenue at a point in time when the performance obligation is satisfied.

Product

In the sales of EV chargers, the Group's performance obligation is to deliver the promised EV chargers, including both the hardware and embedded software, to the customers. The software embedded in the EV chargers is not considered distinct as it is integral to the functionality of the EV chargers. The Group recognizes revenue from the sales of EV chargers at a point in time when they are accepted by customers. Generally, the customers are required to pay the transaction price, which is fixed amount as stated in the contracts, within one to six months after they receive the EV chargers.

The Group also provides a standard warranty covering one to two years to all the customers under which the Group is required to fix defects of the hardware and the embedded software. The Group considers the standard warranty is not providing incremental service to customers rather an assurance to the quality of the products and therefore, the Group does not identify the standard warranty as a separate performance obligation. The estimated warranty costs are recognized as a liability when the Group transfers control of the EV chargers to the customers.

Service

The Group also provides software upgrades and updates services and optional platform services to the customers who purchases EV chargers from the Group. The software upgrades and updates service consists

of unspecified future software updates and upgrades upon the customer's request. The optional platform services enable the customers to remotely connect, configure and monitor their EV chargers.

The software upgrades and updates service, the optional platform services and the EV chargers are accounted for as three separate performance obligations because they are capable of being distinct and there is no significant integration, inter-relation or interdependence among these three promises. The Group allocates the transaction price to the software upgrades and updates service, the optional platform services and the EV chargers based on their relative stand-alone selling prices. Since the Group hasn't ever sold the software upgrades and updates service, the optional platform services and the EV chargers separately, the stand-alone selling price of the software upgrades and updates service, the optional platform services and the EV chargers is estimated using expected cost plus a margin approach.

The Group recognizes the transaction price allocated to the software upgrades and updates service and the optional platform services as revenue over the contractual service period, which is generally one to two years, on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs and the Group's efforts are expended evenly throughout the period.

The Group also provides optional maintenance service and extended warranty service to the customers. Revenue from the optional maintenance service, which generally takes one to two days to complete, is recognized at a point in time when the service is completed. Revenue from the extended warranty service is recognized over the warranty period on a straight-line basis.

Contract Balances

The Group recognizes a receivable when it has an unconditional right to receive consideration from a customer. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

The Group recognizes a contract liability when the customer pays the consideration before the Group recognizes the related revenue or when the Group has an unconditional right to receive the consideration before the Group recognizes the related revenue, and in such case a corresponding receivable will be recognized.

Changes in the Group's contract liabilities are presented as follows for the years ended December 31, 2022 and 2023:

Contract liabilities as of January 1, 2022	1,728,808
Cash received in advance, excluding VAT	4,555,267
Revenue recognized from opening balance of contract liabilities	(1,636,911)
Revenue recognized from contract liabilities arising during 2022	(1,745,603)
Foreign currency translation	(91,897)
Contract liabilities as of December 31, 2022	**2,809,664**
Cash received in advance, excluding VAT	9,253,967
Revenue recognized from opening balance of contract liabilities	(2,686,142)
Revenue recognized from contract liabilities arising during 2023	(7,877,827)
Foreign currency translation	(167,530)
Contract liabilities as of December 31, 2023	**1,332,132**

(q) Warranties

The Group provides standard warranties for general repairs of defects that exist at the time of sale of EV chargers. The Group accrues the estimated costs of warranties at the time when revenue is recognized. The specific terms and conditions of those warranties vary among different types of EV Chargers. Factors that affect the Group's warranty obligation include product defect rates and costs of repair or replacement. These factors are estimates that may change based on new information that becomes available each period. The portion of the warranty reserve expected to be incurred within the next 12 months is included within

accrued expenses and other current liabilities while the remaining balance is included within other non-current liabilities on the consolidated balance sheets.

(r) Cost of Revenues

Cost of revenues mainly consists of the cost of products sold, shipping costs, warranty costs and write-downs of inventories.

(s) Selling and Marketing Expenses

Selling and marketing expenses mainly consist of (i) staff cost, rental and depreciation related to selling and marketing functions, (ii) advertising expenses and (iii) other selling and marketing expenses. Advertising expenses are expensed as incurred. The advertising expenses were US$35,552, US$162,895, and US$797,823 for the years ended December 31, 2021, 2022 and 2023, respectively.

(t) General and Administrative Expenses

General and administrative expenses mainly consist of (i) staff cost, rental and depreciation related to general and administrative personnel, (ii) foreign currency exchange gain (loss), (iii) professional expenses and (iv) other general corporate expenses.

(u) Research and Development Expenses

Research and development expenses mainly consist of (i) staff cost, rental and depreciation related to research and development personnel, and (ii) research and development materials. Research and development expenses are expensed as incurred.

Costs incurred for the preliminary project stage of internal use software are expensed when incurred in research and development expenses. Costs incurred during the application development stage are capitalized when certain criteria of ASC 350-40 are met. Costs incurred during the post-implementation-operation stage are also expensed as incurred. As the period qualified for capitalization has historically been very short and the development costs incurred during this period have been insignificant, development costs of internal use software to date have been expensed when incurred.

(v) Government Grants

Government grants generally 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. The eligibility to receive such benefits and amount of financial subsidy to be granted are determined at the discretion of the relevant government authorities.

Government grants are recognized when there are reasonable assurances that the Group will comply with the conditions attach to them and the grants will be received. Government grants for the purpose of giving immediate financial support to the Group with no future related costs or obligation are recognized in the Group's consolidated statements of comprehensive income (loss) when the grants become receivable.

US$39,154, US$27,838 and US$428,066 were recognized in government grants for the years ended December 31, 2021, 2022 and 2023, respectively. The deferred government subsidies included in liabilities were nil as of both December 31, 2022 and 2023.

(w) Share-based compensation

Share-based awards granted to directors, executive officers and employees, including unvested shares, are measured at fair value on grant date and are classified as equity awards in accordance with ASC 718, *Compensation-Stock Compensation*.

For the share-based awards granted with only service conditions that have a graded vesting schedule, share-based compensation expenses are recognized using the straight-line method, over the requisite service period, provided that the cumulative amount of compensation cost recognized at any date at least equals the portion of the grant-date value of such award that is vested at that date. The Group elects to recognize the effect of forfeitures in compensation costs when they occur. To the extent the required vesting conditions

are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards is reversed.

(x) Employee Benefits

The Company's subsidiaries in the PRC and Germany participate in respective government mandated, multiemployer, defined contribution plans, pursuant to which certain retirement, medical, housing and other welfare benefits are provided to employees. Both German Company Pension Scheme Act and the PRC labor laws require the local entities to pay to the local labor bureau a monthly contribution calculated at a stated contribution rate on the basic compensation of qualified employees, respectively. The Group has no further commitments beyond its monthly contribution. Employee social benefits included as cost of revenues and operating expenses in the accompanying consolidated statements of comprehensive income (loss) amounted to US$1.1 million, US$1.4 million and US$1.6 million for the years ended December 31, 2021, 2022 and 2023, respectively.

(y) Income Taxes

Current income taxes are recorded in accordance with the laws of the relevant tax jurisdictions.

Deferred income taxes are provided using the liability method. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their deferred tax assets and liabilities will be realized simultaneously.

A valuation allowance is provided to reduce the amount of deferred income tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred income tax assets will not be realized. The effect on deferred income taxes arising from a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change.

The Group applies a "more likely than not" recognition threshold in the evaluation of uncertain tax positions. The Group recognizes the benefit of a tax position in its consolidated financial statements if the tax position is "more likely than not" to prevail based on the facts and technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. Unrecognized tax benefits may be affected by changes in interpretation of laws, rulings of tax authorities, tax audits, and expiry of statutory limitations. In addition, changes in facts, circumstances and new information may require the Group to adjust the recognition and measurement estimates with regard to individual tax positions. Accordingly, unrecognized tax benefits are periodically reviewed and re-assessed. Adjustments, if required, are recorded in the Group's consolidated financial statements in the period in which the change that necessities the adjustments occur. The ultimate outcome for a particular tax position may not be determined with certainty prior to the conclusion of a tax audit and, in certain circumstances, a tax appeal or litigation process. The Group records interest and penalties related to unrecognized tax benefits (if any) in interest expenses and general and administrative expenses, respectively. As of December 31, 2022 and 2023, the Group did not have any significant unrecognized uncertain tax positions.

(z) Foreign currency translation and foreign currency risks

The Group's reporting currency is United States Dollars ("US$"). The functional currency of the Company and its subsidiaries incorporated in United States, HK S.A.R. and British Virgin Islands is US$, The functional currency of the Company's subsidiary incorporated in Germany is Euro ("EUR"), and the functional currency of the Company's PRC subsidiaries is Renminbi ("RMB"). Transactions denominated in currencies other than the functional currency are remeasured into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in a foreign currency are remeasured into the functional currency using the applicable exchange rate at the balance sheet date. The resulted exchange differences are recorded as general and administrative expenses in the consolidated statements of comprehensive income (loss).

The financial statements of the Company's German subsidiary and the PRC subsidiaries are translated from their functional currency into US$. Assets and liabilities are translated into US$ using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings or deficits generated in the current period are translated into US$ using the appropriate historical rates. Revenues, expenses, gains and losses are translated into US$ using the average exchange rates for the relevant period. The resulted foreign currency translation adjustments are recorded as a component of other comprehensive income or loss in the consolidated statements of comprehensive income (loss), and the accumulated foreign currency translation adjustments are recorded in accumulated other comprehensive income (loss) as a component of consolidated statements of changes in shareholders' deficit.

(aa) Concentration of risk

Concentration of customers and suppliers

Customers from whom individually represent greater than 10% of total revenues of the Group for the years ended December 31, 2021, 2022 and 2023 are as follows.

	For the Years Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
Customer A	4,195,024	32%	18,645,058	63%	16,325,786	42%
Customer B	*	*	*	*	4,627,547	12%
Customer C	1,784,562	14%	*	*	*	*
Customer D	1,775,118	13%	*	*	*	*

Suppliers from whom individually represent greater than 10% of total purchases of the Group for the years ended December 31, 2021, 2022 and 2023 are as follows:

	For the Years Ended December 31,					
	2021		2022		2023	
	US$	%	US$	%	US$	%
Supplier A	*	*	*	*	7,050,112	28%
Supplier B	*	*	4,553,156	24%	5,780,414	23%
Supplier C	*	*	3,658,940	19%	2,434,481	10%
Supplier D	*	*	2,429,852	13%	*	*
Supplier E	2,203,821	26%	*	*	*	*
Supplier F	925,664	11%	*	*	*	*

Customers accounting for 10% or more of accounts receivable, net are as follows:

	As of December 31,			
	2022		2023	
	US$	%	US$	%
Customer A	5,502,120	73%	6,321,755	50%
Customer E	*	*	1,774,914	14%

Customers accounting for 10% or more of contract liabilities are as follows:

	As of December 31,			
	2022		2023	
	US$	%	US$	%
Customer B	2,434,844	87%	*	*
Customer C	*	*	546,932	41%

Suppliers accounting for 10% or more of accounts payable are as follows:

	As of December 31,			
	2022		2023	
	US$	%	US$	%
Supplier A	*	*	560,945	10%
Supplier B	2,448,643	37%	1,382,875	25%
Supplier C	*	*	549,591	10%
Supplier D	930,266	14%	*	*

Suppliers accounting for 10% or more of prepayments are as follows:

	As of December 31,			
	2022		2023	
	US$	%	US$	%
Supplier G	108,468	19%	*	*
Supplier H	99,230	17%	*	*

* The amount was less than 10% of total sales, total purchases or total balance.

Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, accounts receivable, net, other receivables of prepayments and other current assets, and amounts due from related parties.

The Group places its cash and cash equivalents and restricted cash in various commercial banks in the PRC and German. The Group believes that no significant credit risk exists as these banks are principally government-owned financial institutions with high credit ratings.

The Group conducts credit evaluations on its customers prior to delivery of goods or services. The assessment of customer creditworthiness is primarily based on historical collection records, research of publicly available information and customer on-site visits by senior management. Based on this analysis, the Group determines what credit terms, if any, to offer to each customer individually. If the assessment indicates a likelihood of collection risk, the Company will not deliver the services or sell the products to the customer or require the customer to pay cash, post letters of credit to secure payment or to make significant down payments.

Interest rate risk

Fluctuations in market interest rates may negatively affect the Group’s financial condition and results of operations. The Group is exposed to floating interest rate risk on floating rate borrowings, and the risks due to changes in interest rates is not material. The Group has not used any derivative financial instruments to manage its interest risk exposure.

(bb) Earnings (loss) per share

Earnings (loss) per share is computed in accordance with ASC 260, *Earnings per Share*. The two-class method is used for computing earnings per share when the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. The Company's redeemable preference shares and Series Seed preference shares are considered as participating securities because they are entitled to receive dividends or distributions on an as if converted basis if the Group has net income available for distribution under certain circumstances. Net loss is not allocated to other participating securities as they are not obligated to share the loss based on their contractual terms.

Diluted earnings (loss) per share is calculated by dividing net income (loss) attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalents shares outstanding during the period. Dilutive equivalent shares are excluded from the computation of diluted earnings per share if their effects would be anti-dilutive. Ordinary equivalent shares consist of ordinary shares issuable upon the conversion of the redeemable preference shares, Series Seed preference shares and the exercise of the financial instruments.

(cc) Segment Reporting

The Company uses the management approach in determining its operating segments. 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 Group. For the purpose of internal reporting and management's operation review, the Company's Chief Executive Officer does not segregate the Group's business by product. Management has determined that the Company has one operating segment and therefore one reportable segment.

(dd) Statutory Reserves

In accordance with the PRC Company Laws, the Group's PRC subsidiaries must make appropriations from their after-tax profits as determined under the Generally Accepted Accounting Principles in the PRC ("PRC GAAP") to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the after-tax profits as determined under PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the PRC companies. Appropriation to the discretionary surplus fund is made at the discretion of the PRC companies.

The statutory surplus fund and discretionary surplus fund are restricted for use. They may only be applied to offset losses or increase the registered capital of the respective companies. These reserves are not allowed to be transferred to the Company by way of cash dividends, loans or advances, nor can they be distributed except for liquidation.

For the years ended December 31, 2021, 2022 and 2023, no appropriation was made to the statutory surplus fund and discretionary surplus fund by the Group's PRC subsidiaries as these PRC companies were in a position of accumulated losses as determined under PRC GAAP. As of December 31, 2022 and 2023, there was no statutory surplus fund and discretionary surplus fund by the Company's PRC subsidiaries, as these PRC companies were in accumulated losses as determined under PRC GAAP.

(ee) Recent Accounting Pronouncements

In August 2020, the FASB issued Accounting Standards Update 2020-06, *Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if converted method for all convertible instruments. The amendments in this Update are effective for public

business entities, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company early adopted ASU 2020-06 as of January 1, 2023 and applied it on a modified retrospective basis. There was no effect from the adoption as of January 1, 2023 to the consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07 ("ASU 2023-07"), *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 on a retrospective basis. Early adoption is permitted. The Group is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), *Income Taxes (Topic 740): Improvement to Income Tax Disclosures* to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Group is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of December 31,	
	2022	2023
	US$	US$
Accounts receivable	7,882,817	13,031,789
Allowance for doubtful accounts	(322,873)	—
Allowance for expected credit losses	—	(536,414)
Accounts Receivable, net	**7,559,944**	**12,495,375**

The movements of the allowance for doubtful accounts were as follows:

	As of December 31,	
	2022	2023
	US$	US$
Balance at the beginning of the year	(271,599)	(322,873)
Adoption of ASU 2016-13	—	(29,923)
Provision for doubtful receivables	(322,873)	—
Provision for expected credit losses	—	(301,601)
Write off	248,634	—
Reversal	—	116,318
Foreign currency translation	22,965	1,665
Balance at the end of the year	**(322,873)**	**(536,414)**

As of December 31, 2022 and 2023, accounts receivable, net includes certain accounts receivables that were pledged for short-term bank borrowings (see Note 8).

4. INVENTORIES

Inventories consisted of the following:

	As of December 31,	
	2022	2023
	US$	US$
Raw materials	3,650,901	3,106,711
Finished goods	2,579,458	3,549,997
Inventories	**6,230,359**	**6,656,708**

Write-downs of inventories from the carrying amount to its estimated net realizable value amounted to US$0.15 million, nil and US$0.16 million were recorded as cost of revenues for the years ended December 31, 2021, 2022 and 2023.

5. REPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following:

	As of December 31,	
	2022	2023
	US$	US$
Advances to suppliers	581,365	363,614
Deductible input VAT	949,250	966,413
Deferred IPO cost*	318,723	1,637,278
Receivables from third party payment platforms	67,795	63,509
Others**	194,272	198,170
Prepayments and Other Current Assets	**2,111,405**	**3,228,984**

* Direct cost incurred by the Group attributable to its IPO of ordinary shares in the United States have been deferred and recorded as deferred IPO cost and will be offset against the gross proceeds received from such offering. In the event the IPO is terminated or abandoned, all capitalized deferred IPO cost will be expensed.

** Others mainly include staff advances and deposits.

As of December 31, 2022 and 2023, prepayments and other current assets includes certain other receivables that were pledged for bank borrowings (see Note 8).

6. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31,	
	2022	2023
	US$	US$
Machinery and equipment	369,268	344,630
EV Chargers	170,769	376,225
Office and electronic equipment	343,633	498,067
Software	18,937	18,621
Leasehold improvement	567,966	603,977
Vehicle	—	78,681
Property and Equipment	**1,470,573**	**1,920,201**
Less: Accumulated depreciation	(1,241,560)	(1,343,825)
Property and Equipment, net	**229,013**	**576,376**

Depreciation expense on property and equipment was allocated to the following expense items:

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Cost of revenues	152,425	57,607	73,829
Selling and marketing expenses	7,946	7,486	13,295
Research and development expenses	10,241	14,588	11,024
General and administrative expenses	46,679	33,287	75,139
Total depreciation expense	**217,291**	**112,968**	**173,287**

7. OPERATING LEASE

The following table summarizes the classification of right-of-use assets and lease liabilities in the Group's consolidated balance sheets:

	As of December 31,	
	2022	2023
	US$	US$
Right-of-use assets	**561,502**	**505,417**
Lease liabilities-current	(236,433)	(294,028)
Lease liabilities-non-current	(289,527)	(172,070)
Total lease liabilities	**(525,960)**	**(466,098)**
Weighted-average remaining lease term	2.42 years	1.75 years
Weighted-average discount rate	4.70%	4.17%

For the years ended December 31, 2021, 2022 and 2023, total operating lease costs and short-term lease cost recorded in cost of revenues, selling and marketing expenses, research and development expenses, general and administrative expenses were US$295,918, US$310,378, and US$331,621, respectively.

Supplemental cash flow information related to operating leases were as follows:

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Cash paid for amounts included in the measurement of lease liabilities	263,612	269,684	312,939
Right-of-use assets obtained in exchange for operating lease liabilities	256,011	695,591	325,049

The following table presents the maturity of the Group's lease liabilities as of December 31, 2023:

	As of December 31, 2023
	US$
2024	320,470
2025	134,503
2026	27,327
Total operating lease payments	**482,300**
Less: imputed interest	(16,202)
Present value	**466,098**

8. SHORT-TERM BANK BORROWINGS

	As of December 31,	
	2022	2023
	US$	US$
Secured bank loans	4,122,832	5,560,027
Short-term bank borrowings	**4,122,832**	**5,560,027**

Short-term bank borrowings consist of secured RMB denominated borrowings from financial institutions in the PRC that are repayable within one year. The weighted average interest rates for the outstanding short-term bank borrowings as of December 31, 2022 and 2023 were 4.11% and 3.56%, respectively. As of December 31, 2022 and 2023, the repayments of all short-term bank borrowings are guaranteed by the Founders or third parties.

In October 2020, X-Charge Technology entered into a loan agreement with SPD Silicon Valley Bank to borrow up to RMB10 million (equivalent to US$1.4 million). In connection with the short-term bank borrowings from SPD Silicon Valley Bank, as of December 31, 2022 and 2023, accounts receivables and other receivables included in prepayments and other current assets of X-Charge Technology in the amount of RMB12 million (equivalent to US$1.7 million) and RMB10 million (equivalent to US$1.4 million) were pledged to secure bank borrowings from SPD Silicon Valley Bank, respectively.

In connection with the short-term bank borrowings from SPD Silicon Valley Bank, X-Charge Technology also granted warrants to an affiliate of SPD Silicon Valley Bank. The warrants entitled the affiliate of SPD Silicon Valley Bank to purchase 0.542% of X-Charge Technology's equity interest (see Note 11).

At initial recognition, the Company recorded the warrants as liability at its estimated fair value in the amount of RMB0.33 million (equivalent to US$0.05 million), the remaining proceeds of RMB9.67 million (equivalent to US$1.4 million) were allocated to the short-term borrowings. The difference in the amount of RMB0.33 million (equivalent to US$0.05 million) between RMB9.67 million (equivalent to US$1.4 million) allocated to the short-term bank borrowings and the principal amount of the loan in the amount of

RMB10 million (equivalent to US$1.4 million) was treated as a discount on the loan, which was amortized over the term of this loan to interest expense using an effective interest rate of 3.4%.

Covenants of the loan agreement signed with SPD Silicon Valley Bank included but not limited to that the quarterly revenues of X-Charge Technology and its subsidiaries. For the years ended December 31, 2021 and 2022, the quarterly revenues were below the performance targets in the loan agreement, which resulted in a breach of the loan covenants as of December 31, 2021 and 2022, and SPD Silicon Valley Bank has the right to declare the above loan be immediately due and payable, RMB0.5 million (equivalent to US$0.07 million) of default provision has been made in respect of this breach of this loan. X-Charge Technology repaid this loan in full in March 2023.

In January 2023, X-Charge Technology entered into a four-year credit facility with Development Bank of Singapore to borrow up to RMB20 million (equivalent to US$2.8 million). In connection with the short-term bank borrowings from Development Bank of Singapore, as of December 31, 2023, accounts receivables of X-Charge Technology in the amount of RMB4.4 million (equivalent to US$0.6 million) were pledged to secure bank borrowings from Development Bank of Singapore.

9. CONVERTIBLE DEBTS

Convertible Notes

In July 2023, the Company issued convertible notes with aggregate principal of US$2 million with simple interest of 10% per annum to investor A in exchange for US$2 million in cash. The principal and accrued interest shall be due and payable on the last day of nine months following the closing date on July 7, 2023. Pursuant to the convertible notes agreement, investor A has the right to convert the entire outstanding principal of the convertible notes into Series B+ preference shares in XCHG Limited before maturity date, at a conversion price of RMB0.3964 per share, the share number shall be calculated at the principal of US$2 million and at the exchange rate by the People's Bank of China on the fifth business day before the date of the conversion. Accrued interests shall be repaid upon conversion.

Convertible Loan

In July 2023, X-Charge Technology borrowed convertible loans from investor B and investor C with an aggregated principal amount of RMB50 million (equivalent to US$7 million) and RMB15 million (equivalent to US$2.1 million), respectively, at a simple interest of 10% per annum. The principal and accrued interest shall be due and payable on the last day of nine months following the closing date on July 7, 2023. Pursuant to the convertible loan agreement, investor B and investor C have the right to convert the entire outstanding principal of the convertible loan into Series B+ preference shares in XCHG Limited before maturity date, provided certain conditions are met, among which, 1) the convertible loan in an amount of RMB30 million held by investor B can be convertible into 84,104,289 Series B+ preference shares of the Company, at a conversion price of RMB0.3567 per share, 2) the convertible loan in an amount of RMB20 million held by investor B can be convertible into 42,030,928 Series B+ preference shares at a conversion price of RMB0.4758 per share, or, in the event of the Company has new round of financing before or at the same time of the conversion, the latest class of preference shares issued by the Company, at a conversion price determined at the lower price of (i) RMB0.4758, or (ii) 90% of the share price of new round of financing of the Company, and 3) the convertible loan in an amount of RMB15 million held the investor C can be convertible into 37,840,565 Series B+ preference shares of the Company. Accrued interests shall be repaid upon conversion.

Collectively, the convertible notes and the convertible loan are referred to as the "convertible debts".

In connection with the issuance of convertible debts, in August 2023, the Company granted warrants at nil consideration to each investor, pursuant to which the investors have the right to purchase Series B+ preference shares at an exercise price the same as the conversion price of the convertible debts corresponding to such warrants. The warrants are exercisable from the issuance date and expires on the maturity date of the convertible debts. The investors shall each have the right to choose either to exercise the warrants or the conversion options, but not both. Upon the exercise of the warrant, the investors will be released from all of its liabilities, obligations and rights under the convertible debts contract; Upon the conversion, the corresponding warrants will be terminated accordingly.

Before conversion, the three investors are entitled to certain rights of the Series B+ preference shareholders, including liquidation preference rights and voting rights.

Contingent redemption feature

The outstanding principal and any accrued but unpaid interest at 10% will become due and payable in full upon the occurrence of any of events of default.

Liquidation preference

Upon the occurrence of a liquidation event or deemed liquidation event as defined in the Amended and Restated Memorandum of Association, the investors shall each have the right to choose either to require the Group to repay loan principal and interest, or request distribution under the liquidation preference. If investors choose to request distribution, the Company shall repay the convertible debts together with accrued but unpaid interest at a simple 8% per annum from July 17, 2023 for the investor A and from July 7, 2023 for investor B and investor C, after such liquidation amounts have been paid in full, all of the remaining assets and funds of the Company legally available for distribution to shareholders and investor A, investor B and investor C shall be ratably distributed among all shareholders and investor A, investor B and investor C on a as converted basis and pari passu basis in proportion to the number of shares held by each shareholder/investor.

Voting rights

Each investor is entitled to the number of votes corresponding to the number of ordinary shares on an as-converted basis (as if the conversion). Each investor shall be entitled to vote on all matters on which the members of ordinary shares shall be entitled to vote.

Accounting for the convertible debts

The warrants and the convertible debts are treated as one hybrid instrument since they were entered into in conjunction with each other and were neither legally detachable nor separately exercisable. The Group evaluated based on the terms and features of the entire arrangements and concluded that the nature of the host contract was debt. The Group further concluded that the embedded conversion features did not need to be bifurcated pursuant to ASC 815 because the embedded conversion features are underlying preference shares of a private company and could not be publicly traded or readily convertible into cash. The Group made a one-time irrevocable policy election at convertible debts' inception to elect the fair value option under ASC 825 and measure the convertible debts at fair value. The fair value option election is made on an instrument-by-instrument basis. Subsequently, the component of fair value changes relating to the instrument specific credit risk of the convertible debts is minimal. Fair value changes is recognized in changes in fair value of financial instruments in the consolidated statement of comprehensive income (loss).

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	As of December 31,	
	2022	2023
	US$	US$
Accrued payroll and social insurance	2,161,909	2,938,675
Cash collected on behalf of the customers*	569,704	251,734
Other taxes payable	351,910	166,653
Accrued IPO cost	198,113	—
Accrued service expenses	129,733	598,605
Others**	540,309	1,071,953
Accrued Expenses and Other Current Liabilities	**3,951,678**	**5,027,620**

* The Group collects the EV charging considerations from end users on behalf of certain customers and pays to these customers on a regular basis.

** Others mainly included accrued interests and accrued warranty.

11. FINANCIAL LIABILITY

In October 2020, X-Charge Technology entered into a loan agreement with SPD Silicon Valley Bank to borrow up to RMB10 million (equivalent to US$1.4 million). In October 2020, in connection with the loan agreement, X-Charge Technology issued warrants to Shengwei Venture Capital Management (Shanghai) Co., Ltd ("Shengwei"), an affiliate of SPD Silicon Valley Bank, to purchase 0.542% of X-Charge Technology's equity interest at an exercise price at RMB2 million (equivalent to US$0.3 million) in aggregate or purchase 8,786,150 ordinary shares of the Company at the option of Shengwei on a fully diluted basis. The warrants are exercisable upon issuance and expires in October 2027. The warrants have not been exercised as of December 31, 2022 and 2023.

During the exercisable period and when the warrants are exercised, Shengwei is entitled to require X-Charge Technology to repurchase all equity interest at the price of fair market value.

In accordance with ASC 480, the Company classified the warrants as financial liability as the warrants embody an obligation to repurchase the X-Charge Technology's equity interest which may require settlement by transferring assets. The Group recorded the financial liability on the consolidated balance sheet at its estimated fair value and subsequently, at each reporting date, recorded changes in estimated fair value included in the changes in fair value of financial instruments on the consolidated statement of comprehensive income (loss).

12. FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2023:

US$	As of December 31, 2022 Level 1	Level 2	Level 3	Total Fair Value
Liabilities:				
Financial liability	—	—	242,393	242,393

US$	As of December 31, 2023 Level 1	Level 2	Level 3	Total Fair Value
Liabilities:				
Financial liability	—	—	247,265	247,265
Convertible debts	—	—	12,516,331	12,516,331

The tables below reflect the reconciliation from the opening balances to the closing balances for recurring fair value measurements categorized as Level 3 of the fair value hierarchy for the years ended December 31, 2021, 2022 and 2023:

		For the Year Ended December 31, 2021				
			Gain or Losses			
US$	January 1, 2021	Purchase	Included in Earnings	Included in Other Comprehensive Loss	Foreign Currency Translation Adjustment	December 31, 2021
Liabilities:						
Financial liability	50,180	—	12,419	—	1,325	63,924

		For the Year Ended December 31, 2022				
			Gain or Losses			
US$	January 1, 2022	Purchase	Included in Earnings	Included in Other Comprehensive Loss	Foreign Currency Translation Adjustment	December 31, 2022
Liabilities:						
Financial liability	63,924	—	190,557	—	(12,088)	242,393

		For the Year Ended December 31, 2023				
			Gain or Losses			
US$	January 1, 2023	Purchase	Included in Earnings	Included in Other Comprehensive Loss	Foreign Currency Translation Adjustment	December 31, 2023
Liabilities:						
Financial liability	242,393	—	8,959	—	(4,087)	247,265
Convertible debts	—	11,053,172	1,463,159	—	—	12,516,331

For the financial liability that does not have a quoted market rate, the Group measured its fair value using the option-pricing model with the assistance of an independent third-party valuation firm. The Group estimated the fair value of the convertible debts by the sum of the fair value of the straight bond determined by the discounted cash flows method and fair value of the conversion right determined by option pricing model with the assistance of an independent third-party valuation firm. These inputs used in the analysis were classified as Level 3 inputs within the fair value hierarchy due to the lack of observable market data and activity. If different estimates and assumptions had been used, the fair values of the preference shares and ordinary shares could be significantly different, and the fair value of the convertible debts may materially differ from the recognized amount.

The fair values of financial liability as of December 31, 2022 and 2023 are estimated with the following key assumptions:

	December 31, 2022	December 31, 2023
Risk-free rate of return (per annum)	4.01%	3.94%
Volatility	62.1%	57.37%
Expected dividend yield	0%	0%
Expected term	4.8 years	3.8 years
Fair value of the Company's ordinary shares	US$0.05 per share	US$0.05 per share

The fair values of convertible debts as of December 31, 2023 are estimated with the following key assumptions:

	December 31, 2023
Risk-free rate of return (per annum)	2.25%
Volatility	39.73%
Expected dividend yield	0%
Expected term	0.1 year
Fair value of the Company's ordinary shares	US$0.05 per share

The risk-free rate of return was based on the U.S. Treasury rate for the expected remaining life of the financial instruments. The expected volatility was estimated based on the historical volatility of comparable peer public companies with a time horizon close to the expected term of the Company's financial instruments. Expected dividend yield is zero as the Company does not anticipate any dividend payments in the foreseeable future. Expected term is the contract term to exercise the warrants and convert the convertible debts. The fair value of the Company's ordinary shares was estimated by management involving assumptions including discount rate, risk free interest rate and subjective judgments regarding the Company's projected financial and operating results, its unique business risks, the liquidity and operating history and prospects.

13. MEZZANINE EQUITY

Series Angel Preference Shares, Series Angel Redeemable Preference Shares, Series A Redeemable Preference Shares, Series A+ Redeemable Preference Shares and Series B Preference Shares (collectively "Preference Shares")

In December 2017, the Company entered into an investment agreement with two investors, pursuant to which the investors purchased 300,000,000 Series A redeemable preference shares from the Company for the considerations of US$5 million. The issuance costs of Series A redeemable preference shares were US$0.3 million.

In February 2018, the investor of Series Angel shares (see Note 14) and two third party investors entered into equity transfer agreements, pursuant to which the investor of Series Angel shares sold 75,000,000 Series Angel shares of the Company on a fully-diluted basis to the two third party investors. Half of the Series Angel shares was immediately re-designated into Series Angel redeemable preference shares, whereas the remaining half was immediately re-designated into Series Angel preference shares with a deemed liquidation preference. The Company did not receive any proceeds from this transaction.

In April 2018, the Company entered into an investment agreement with certain investors, pursuant to which the investors purchased 118,971,900 Series A+ redeemable preference shares from the Company for an aggregate consideration of RMB25.7 million (equivalent to US$3.6 million). The issuance costs of Series A+ redeemable preference shares was RMB1.5 million (equivalent to US$0.21 million).

In April 2021, the Company entered into an investment agreement with two investors, pursuant to which the investors purchased 458,623,200 Series B redeemable preference shares from the Company for an aggregate consideration of RMB104.0 million (equivalent to US$14.4 million). The issuance costs of Series B redeemable preference shares were RMB1.2 million (equivalent to US$0.17 million).

In April 2021, the investor of Series Angel shares (see Note 14) and two third party investors entered into equity transfer agreements, pursuant to which the investor of Series Angel shares sold 88,196,700 shares of the Company to the third party investors, all of which was immediately re-designated into Series B redeemable preference shares. The Company did not receive any proceeds from this transaction.

In September 2021, the investor of Series Angel shares (see Note 14) and a third-party investor entered into an equity transfer agreement. Pursuant to the agreement, the investor of Series Angel shares sold 55,552,800 shares of the Company to the third party investor, all of which was immediately re-designated into Series B redeemable preference shares. The Company did not receive any proceeds from this transaction.

The rights, preferences and privileges of the Preference Shares are as follows:

Redemption Rights

Redeemable preference shares shall be redeemable, at any time after the earlier of the occurrence of the following event:

(i) The Company has not consummated a Qualified initial public offering ("IPO") or Qualified share sale by September 30, 2024;

(ii) There is any material breach by either the Founders or the Company of any applicable laws and the transaction documents relating to these several rounds of equity financing, and such default fails to take remedy measures within thirty days after the receipt of the notice with respect to such remedy requirements from the shareholders;

The redemption preference from high priority to low priority is as follows in sequence: Series B redeemable preference shares, Series A+ redeemable preference shares, Series A redeemable preference shares and Series Angel redeemable preference shares.

The redemption prices for each owner of the redeemable preference shares are as follows:

1. For Series B redeemable preference shares, the redemption price equal to one hundred percent (100%) of its issue price plus a simple eight percent (8%) per annum measured from the date of receipt of the investment funds in full to actual payment date of the redemption, and the accumulated declared but unpaid dividends.

2. For Series A+ redeemable preference shares, the redemption price equal to one hundred percent (100%) of its issue price plus the accumulated declared but unpaid dividends.

3. For Series A redeemable preference shares, the redemption price equal to one hundred percent (100%) of its issue price plus a simple ten percent (10%) per annum return measured from the date of receipt of the investment funds to actual payment date of the redemption, and the accumulated declared but unpaid dividends.

4. For Series Angel redeemable preference shares, the redemption price equal to RMB8,500,000 plus the accumulated declared but unpaid dividends.

Conversion Rights

The Preference Shares shall be convertible, at the option of the holder, at any time after the date of issuance of such Preference Shares according to a conversion ratio, subject to adjustments for dilution, into ordinary shares. The Preference Shares shall automatically be converted into ordinary shares at the then applicable conversion ratio upon the closing of an underwritten public offering of the ordinary shares of the Group after the prior written approval of the holders of Preference Shares.

Voting Rights

Each Preferred Share shall be entitled to that number of votes corresponding to the number of ordinary shares on an as-converted basis. The shareholders of Preference Shares shall vote separately as a class with respect to certain specified matters. Otherwise, the shareholders of Preference Shares, Series Seed preference shares (see Note 14) and ordinary shares shall vote together as a single class.

Dividend Rights

The shareholders receive dividends on an as-if converted basis when dividends are declared. No dividends have been declared for the investors of the Preference Shares for the periods presented.

Liquidation Preferences

In the event of any liquidation, dissolution or winding up of the Company, or upon occurrence of a Deemed Liquidation Event as defined in the Investors' Rights Agreement, either voluntary or involuntary, the amount of shareholders' distributable property or total transfer price shall be allocated and distributed as follows: first, the Company shall pay to the Series B redeemable preferred shareholders the amount of money which is equal to the sum of 100% of the investment and the declared but unpaid dividends; Second, the Company shall pay to the Series A+ redeemable preferred shareholders the amount of money which is equal to the sum of 100% of their respective investment and the declared but unpaid dividends; third, the Company shall pay to the Series A redeemable preferred shareholders the amount of money which is equal to the sum of 150% of their respective investment and the declared but unpaid dividends; forth, the Company shall pay to the owners of Series Angel redeemable preference shares and Series Angel preference shares the amount of money which is equal to RMB8,500,000 and RMB8,500,000, respectively and the declared but unpaid dividends.

After such liquidation amounts have been paid in full, all of the remaining assets and funds of the Company legally available for distribution to shareholders shall be ratably distributed among all shareholders on a as converted basis and pari passu basis in proportion to the number of shares held by each shareholder.

Accounting of the Preference Shares

The Group classified Series Angel preference shares as mezzanine equity instead of permanent equity on the consolidated balance sheet because of the existence of a deemed liquidation preference, which was outside of the control of the Company.

The Group classified the redeemable preference shares as mezzanine equity on the consolidated balance sheets as they were contingently redeemable upon the occurrence of triggering events which were outside of the control of the Company.

The Group concluded the embedded redemption option of the Preference Shares did not need to be bifurcated pursuant to ASC 815 because these terms do not permit net settlement, nor they can be readily settled net by a means outside the contract, nor they can provide for delivery of an asset that puts the shareholders in a position not substantially different from net settlement.

The Group also determined that there was no beneficial conversion feature attributable to the Preference Shares because the initial effective conversion prices of the Preference Shares were higher than the fair value of the Company's ordinary shares at the relevant commitment dates. The fair value of the Company's ordinary shares and redeemable preference shares on the commitment dates was estimated by management with the assistance of an independent valuation firm.

The initial carrying amount of the Preference Shares was recorded at the fair value at the date of issuance, net of issuance cost. The Company recognized changes in the redemption value immediately as they occur and adjust the carrying value of the Preference Shares to equal the redemption value at the end of each reporting period, as if it were also the redemption date for the Preference Shares.

The Company considered that the re-designation of Series Angel shares to Series B redeemable preference shares in April 2021 and September 2021, in substance, was the same as repurchase and

cancellation of the Series Angel shares and simultaneously issuance of the Series B redeemable preference shares. Therefore the Group recorded 1) the difference in the amount of US$5.8 million between the fair value and the carrying amounts of the Series Angel shares against additional paid-in capital or by increasing accumulated deficit once additional paid-in capital has been exhausted; and 2) the difference in the amount of US$2.5 million between the fair value of the Series B redeemable preference shares and Series Angel shares against additional paid-in capital or by increasing accumulated deficit once additional paid-in capital has been exhausted, representing a return to the preferred shareholders that should be treated similar to dividends paid on preferred shareholders.

The activities of the Preference Shares for the years ended December 31, 2021, 2022 and 2023 are as follows:

	Series Angel preference shares	Series Angel redeemable preference shares	Series A redeemable preference shares	Series A+ redeemable preference shares	Series B redeemable preference shares	Total
	Carrying amount USD	Carrying amount USD	Carrying amount USD	Carrying amount USD	Carrying amount USD	USD
Balance as of January 1, 2021	**1,302,702**	**1,302,702**	**7,147,250**	**4,203,066**	**—**	**13,955,720**
Issuance of redeemable preference shares	—	—	—	—	16,110,713	**16,110,713**
Issuance cost	—	—	—	—	(181,158)	**(181,158)**
Accretion of redeemable preference shares	—	—	506,897	—	528,254	**1,035,151**
Re-designation of Series Angel shares to Series B redeemable preferred share	—	—	—	—	9,006,416	**9,006,416**
Foreign currency translation adjustment	30,485	30,485	173,424	98,358	615,647	**948,399**
Balance as of December 31, 2021	**1,333,187**	**1,333,187**	**7,827,571**	**4,301,424**	**26,079,872**	**40,875,241**
Accretion of redeemable preference shares	—	—	486,754	—	1,042,035	**1,528,789**
Foreign currency translation adjustment	(112,729)	(112,729)	(678,941)	(363,712)	(2,241,760)	**(3,509,871)**
Balance as of December 31, 2022	**1,220,458**	**1,220,458**	**7,635,384**	**3,937,712**	**24,880,147**	**38,894,159**
Accretion of redeemable preference shares	—	—	500,000	—	1,877,429	**2,377,429**
Foreign currency translation adjustment	(44,118)	(44,118)	(92,369)	(142,342)	(931,628)	**(1,254,575)**
Balance as of December 31, 2023	**1,176,340**	**1,176,340**	**8,043,015**	**3,795,370**	**25,825,948**	**40,017,013**

Assuming a Qualified IPO or Qualified share sale is not consummated by September 30, 2024 and no other contingent event occurs which could result in the request of redemption by the redeemable preferred shareholders, the aggregate amount of redemption for all redeemable preference shares in 2024 is US$39.0 million. If there is no Qualified IPO or Qualified share sale by September 30, 2024, the Company needs to either obtain additional liquidity to redeem the shares which is subject to market condition, or request the redeemable preference shareholders to extend the redemption date, which needs to be agreed by the shareholders.

14. ORDINARY SHARES, SERIES ANGEL SHARES AND SERIES SEED PREFERENCE SHARES

Ordinary shares

In December 2021, XCHG Limited was incorporated with authorized share capital of US$50,000 divided into 500,000,000 shares with par value US$0.0001 each, the Company issued 499,999,999 ordinary shares to the Founders. As of December 31, 2022 and 2023, 500,000,000 ordinary share was issued and outstanding.

In April 2023, the shareholders of the Company agreed to increase the authorized shares to 5,000,000,000 shares. As described in Note 1 (b), the Company issued ordinary shares in April 2023, issued Preference Shares and Series Seed preference shares in June 2023 to the ordinary shareholders and preferred shareholders of the Company in exchange for the respective equity interests that they held in X-Charge Technology. Upon the completion of the Restructuring in June 2023, authorized ordinary shares are 3,728,605,400, of which issued and outstanding shares were 656,200,500. The authorized, issued and

outstanding Series Seed, Series Angel, Series A, Series A+ and Series B preference shares were 175,050,000, 75,000,000, 300,000,000, 118,971,900 and 602,372,700, respectively. All applicable share and per share amounts in the accompanying consolidated financial statements have been retrospectively adjusted to reflect the effects of the Restructuring.

On August 15, 2023, the Company granted 150,000,000 unvested shares to its directors, executive officers and certain employees under the Plan, all the unvested shares were vested immediately on the date of grant, see Note 15 for details. The Company issued 150,000,000 ordinary shares to grantees on the date of grant in connection with aforementioned transaction.

656,200,500 and 806,200,500 ordinary shares were issued and outstanding as of December 31, 2022 and 2023, respectively.

Series Angel Shares and Series Seed Preference Shares

On November 19, 2015, the Company entered into an investment agreement with an angel investor, pursuant to which the investor purchased 218,749,500 Series Angel shares from the Company for an aggregated consideration of RMB7.0 million (equivalent as US$1.0 million). See Note 13 on subsequent redesignation of all Series Angel shares.

On February 20, 2017, the Company entered into an investment agreement with two investors, pursuant to which the investors purchased 175,050,000 Series Seed preference shares from the Company for an aggregated consideration of US$2 million.

The rights and privileges of Ordinary shares, Series Angel shares and Series Seed preference shares are as follows:

Conversion Rights

The Series Angel shares and Series Seed preference shares shall be convertible, at the option of the shareholder, at any time after the date of issuance of Series Angel shares and Series Seed preference shares according to a conversion ratio, subject to adjustments for dilution, into ordinary shares. Series Angel shares and Series Seed preference shares shall automatically be converted into ordinary shares at the then applicable conversion ratio upon the closing of an underwritten public offering of the ordinary shares of the Group after the prior written approval of the holders of Series Angel shares and Series Seed preference shares.

Voting Rights

Each Series Seed preferred share shall be entitled to that number of votes corresponding to the number of ordinary shares on an as-converted basis. The shareholders of Series Seed preference shares shall vote separately as a class with respect to certain specified matters. Otherwise, the shareholders of the Preference Shares, Series Seed preference shares and ordinary shares shall vote together as a single class.

Dividend Rights

The shareholders receive dividends on an as-if converted basis when dividends are declared. No dividends have been declared for shareholders for the periods presented.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, or upon occurrence of a Deemed Liquidation Event as defined in the Investors' Rights Agreement, either voluntary or involuntary, shareholders shall be entitled to receive an amount in the sequence of Series B redeemable preference shares, Series A+ redeemable preference shares, Series A redeemable preference shares, Series Angel redeemable preference shares and Series Angle preference shares. After such liquidation amounts have been paid in full, all of the remaining assets and funds of the Company legally available for distribution to shareholders shall be ratably distributed among all shareholders on a as converted basis and pari passu basis in proportion to the number of shares held by each shareholder.

15. SHARE-BASED COMPENSATION

In June 2023, the Company adopted the 2023 Share Incentive Plan (the "Plan"), under which the Company reserves 150,000,000 shares to motivate directors and employees of the Group. Shares granted to an employee under the Plan are generally subject to only service condition.

On August 15, 2023, the Company granted 150,000,000 unvested shares to its directors, executive officers and certain employees under the Plan, all of which were vested immediately on the date of grant. Based on the fair value per share at grant date, the Company recognized US$7.5 million of share-based compensation expense related to these shares in general and administration expenses on the consolidated statements of comprehensive income (loss) in August 2023.

The fair value of ordinary shares as at grant date is US$0.05 per share. In determining the fair value of ordinary shares, the Company applied the income approach based on its discounted future cash flow using its best estimate as at the grant date using retrospective valuation. The major assumptions used in calculating include discount rate, comparable companies, discount for lack of marketability and revenue growth rates with the assistance of an independent third-party valuation firm.

16. INCOME TAX

(a) Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

PRC

The Group's PRC subsidiaries are subject to the PRC Corporate Income Tax Law ("CIT Law") at the statutory income tax rate of 25%, unless otherwise specified. According to the CIT Law, entities that qualify as "high-and-new technology enterprises" ("HNTE") are entitled to a preferential income tax rate of 15%. In 2020, X-Charge Technology received the approval from the tax authority that it qualified as an HNTE. The certificate entitled X-Charge Technology to the preferential income tax rate of 15% effective retroactively from January 1, 2020 to December 31, 2022, if all the criteria for HNTE status could be satisfied in the relevant year. The certificate of X-Charge Technology has been renewed in April 2023.

Germany

During 2022 and 2023, the subsidiary in Germany's primary statutory tax rate was 32.275%, consisting of the German corporate tax rate of 15%, a 5.5% solidarity surcharge on the corporate tax rate, and a trade tax rate of 16.45%.

United States

Under the current U.S. federal corporate income tax, the Company's subsidiary in United States is subject to 21% income tax on its taxable income generated from operations in United States. The Company's subsidiary does not have taxable income for all periods presented.

The components of income (loss) before income taxes are as follows:

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
PRC	(2,584,885)	2,776,049	821,344
Germany.	519,301	(1,046,840)	997,619
Cayman.	—	—	(8,913,071)
United States	—	(130,862)	(989,532)
Total	**(2,065,584)**	**1,598,347**	**(8,083,640)**

Significant components of the provision for (benefit from) income taxes are as follows:

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Current income tax expense			
PRC	—	1,255	—
Germany	1,300	—	—
Total current	**1,300**	**1,255**	**—**
Deferred income tax benefit			
PRC	—	(12,867)	—
Total deferred	**—**	**(12,867)**	**—**
Total provision for income taxes	**1,300**	**(11,612)**	**—**

Reconciliation of the differences between PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2021, 2022 and 2023 is as follows:

	For the Years Ended December 31		
	2021	2022	2023
PRC Statutory income tax rate	(25.0)%	25.0%	(25.0)%
Increase (decrease) in effective income tax rate resulting from:			
Tax rate differential for non-PRC entities	1.8%	(0.1)%	6.1%
Preferential tax rate	12.2%	(6.0)%	3.1%
Research and development expenses bonus deduction	(9.7)%	(39.7)%	(11.8)%
Other non-deductible expenses	2.2%	28.8%	24.4%
Change in valuation allowance	18.6%	(8.7)%	3.2%
Effective income tax rate	**0.1%**	**(0.7)%**	**0.0%**

The Group is headquartered in the PRC and the subsidiaries incorporated in the PRC functions as the Group's primary business operation center. Therefore, the Group uses the PRC's income tax rate as applicable statutory income tax rate.

(b) Deferred income tax assets and deferred income tax liabilities

	As of December 31,	
	2022	2023
	US$	US$
Allowance for credit losses	38,060	75,550
Operating lease liabilities	87,571	91,193
Net operating loss carry forwards	2,229,135	2,398,580
Others	37,047	59,206
Total deferred income tax assets	**2,391,813**	**2,624,529**
Less: Valuation allowance	(2,295,587)	(2,529,266)
Deferred income tax assets, net	**96,226**	**95,263**
Intangible assets	(8,655)	(4,070)
Right-of-use assets	(87,571)	(91,193)
Deferred income tax liabilities	**(96,226)**	**(95,263)**
Net deferred income tax liabilities	**—**	**—**

As of December 31, 2023, the Group had net operating loss carry forwards of US$16.4 million attributable to the PRC subsidiaries. For HNTE, the loss carried forward will expire during the period from year 2026 to year 2033. For the other PRC companies, the loss carried forward will expire in 2028. As of December 31, 2023, the Group had net operating loss carry forwards of US$0.2 million for both corporation tax and trade tax arising in Germany and US$1.0 million arising in United States. These loss carryforwards do not expire.

Tax loss carried forward by the PRC subsidiaries will expire, if unused, by the following period-end:

Year ending December 31,	**US$**
2026	166,220
2027	1,848,227
2028	4,649,867
2029	2,741,788
2030	2,860,428
Thereafter	4,174,509
Total	**16,441,039**

A valuation allowance is provided against deferred income tax assets when the Group determines that it is more likely than not that some portion or all of the deferred income tax assets will not be utilized in the foreseeable future. The valuation allowance as of December 31, 2022 and 2023 was primarily provided for the deferred income tax assets of certain PRC subsidiaries. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or utilizable. Management considers projected future taxable income and tax planning strategies in making this assessment.

Changes in valuation allowance are as follows:

	For the Years Ended December 31,		
	2021	**2022**	**2023**
	US$	**US$**	**US$**
Balance at the beginning of the year	1,835,877	2,188,999	2,295,587
Additions of valuation allowance	385,001	425,330	589,668
Reductions of valuation allowance	(74,769)	(193,629)	(330,665)
Foreign exchange translation adjustments	42,890	(125,113)	(25,324)
Balance at the end of the year	**2,188,999**	**2,295,587**	**2,529,266**

According to the PRC Tax Administration and Collection Law, the statute of limitation is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitation is extended to five years under special circumstances where the underpayment of taxes is more than RMB100,000. In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion. The income tax returns of the Company's PRC subsidiaries for the years from 2019 to 2023 are open to examination by the PRC tax authorities. The subsidiary in Germany is subject to the audit by federal, state, local and foreign income tax authorities. According to the statute of limitation, the German tax authorities may initiate additional audits of the tax years for 2019 through 2023.

17. EARNINGS (LOSS) PER SHARE

For the purpose of calculating earnings (loss) per share, the number of shares used in the calculation reflects the outstanding shares of the Company as if the Restructuring as described in Note 1 took place at the beginning of the earliest period presented.

	For the years ended December 31,		
	2021	2022	2023
	US$	US$	US$
Earnings (loss) per ordinary share – basic:			
Numerator:			
Net income (loss) attributable to the Company	**(2,066,884)**	**1,609,959**	**(8,083,640)**
Accretion of redeemable preference shares to redemption value	(1,035,151)	(1,528,789)	(2,377,429)
Deemed dividends to certain Series B redeemable preferred shareholders upon the re-designation of Series Angel shares to Series B redeemable preference shares	(2,502,082)	—	—
Undistributed earnings attributable to redeemable preferred shareholders and Series Seed preferred shareholders of the Company	—	(53,538)	—
Net income (loss) attributable to ordinary shareholders of the Company – basic and diluted	(5,604,117)	27,632	(10,461,069)
Denominator:			
Weighted average number of ordinary shares outstanding	656,200,500	656,200,500	713,323,788
Denominator used in computing earnings (loss) per share – basic and diluted	656,200,500	656,200,500	713,323,788
Earnings (loss) per ordinary share – basic and diluted (US$)	**(0.01)**	**—**	**(0.01)**

The following ordinary shares equivalents were excluded from the computation to eliminate any antidilutive effect:

	For the Years Ended December 31,		
	2021	2022	2023
Redeemable preference shares	1,096,344,600	1,096,344,600	1,096,344,600
Series Seed preference shares	175,050,000	175,050,000	175,050,000
Financial liability	8,786,150	8,786,150	8,786,150
Convertible debts	—	—	199,710,898*

* The conversion price used to calculate ordinary shares equivalents is RMB0.3964 per share. The exchange rate of RMB against US$ used was 7.0827, which was the exchange rate by the People's Bank of China on December 31, 2023.

18. RELATED PARTY BALANCE AND TRANSACTIONS

The following is a list of related parties which the Company has major transactions with:

(1) Mr. Ding Rui, one of the Founders.

(2) Zhichong Technology (Shenzhen) Co., Ltd ("Shenzhen Zhichong"), which is 49% owned by the Group.

(3) Beijing Puyan Enterprise Management Co., Ltd ("Beijing Puyan"), which is a related party of one of the Group's preferred shareholders.

(4) Beijing Zhichong New Energy Technology Co., Ltd ("Zhichong New Energy"), which is 15% owned by the Group.

(5) Mr. Hou Yifei, one of the Founders.

The Group mainly had the following transactions and balances with related parties:

(a) Major transactions with related parties

		For the Years Ended December 31,		
		2021	2022	2023
		US$	US$	US$
Issuance of loans to Beijing Puyan	(i)	4,750,311	—	—
Proceeds from repayment of loans to Beijing Puyan	(i)	—	1,435,833	2,886,378
Interest income from Beijing Puyan	(i)	159,010	173,376	6,709
Payment of interest free advance to Mr. Ding Rui	(ii)	—	244,092	270,823
Proceeds from collection of the advance to Mr. Ding Rui	(ii)	—	—	244,092
Purchase of materials from Shenzhen Zhichong	(iii)	160,287	117,676	70,698
Sell products to Zhichong New Energy	(iv)	—	64,549	406,373
Issuance of loans to Zhichong New Energy	(v)	—	—	94,738
Repayment of interest free advance from Mr. Ding Rui	(vi)	120,289	—	—
Interest free advances to two executive officers	(vii)	—	—	27,483
Proceeds from collection of advances to the two executive officers	(vii)	—	—	27,483
Interest free advance to Mr. Hou Yifei	(viii)	—	—	406,237

(b) Balance of amounts due from related parties:

		As of December 31,	
		2022	2023
		US$	US$
Beijing Puyan	(i)	3,225,671	354,777
Mr. Ding Rui	(ii)	244,092	271,487
Shenzhen Zhichong	(iii)	68,377	85,497
Zhichong New Energy	(iv)	72,940	551,286
Mr. Hou Yifei	(viii)	—	408,173
		3,611,080	**1,671,220**

(i) On March 22, 2021, the Board of Directors of X-Charge Technology approved a loan agreement between X-Charge Technology and Beijing Puyan, pursuant to which X-Charge Technology provided a two-year loan to Beijing Puyan in the amount of RMB30.3 million (equivalent to US$4.2 million) bearing interest at a rate of 3.85% per annum. The loans in the amount of RMB10 million (equivalent to US$1.4 million) was repaid by Beijing Puyan in December 2022, RMB20 million (equivalent to US$2.8 million) was repaid by Beijing Puyan in January 2023. US$0.16 million, US$0.17 million and US$7 thousand interest income were recognized for the years ended December 31, 2021, 2022 and 2023, respectively.

(ii) In 2022, the Group provided interest-free advance in the amount of RMB1.7 million (equivalent to US$0.24 million) to Mr. Ding Rui for his personal use. The advance was fully collected by the Group in 2023.

In 2023, the Group provided interest-free advance in the amount of RMB1.9 million (equivalent to US$0.3 million) to Mr. Ding Rui for his personal use. The advance was fully collected by the Group in January 2024.

(iii) The Group purchased certain types of EV chargers from Shenzhen Zhichong in the amount of US$0.16 million, US$0.12 million and US$71 thousand for the years ended December 31, 2021, 2022 and 2023, respectively. The outstanding balance of advances to Shenzhen Zhichong were US$68 thousand and US$85 thousand as of December 31, 2022 and 2023, respectively, which were included in amounts due from related parties on the consolidated balance sheets. The Group received the EV chargers in the amount of US$68 thousand and US$85 thousand within two months subsequent to December 31, 2022 and 2023, respectively. 49% equity interest of Shenzhen Zhichong were fully impaired as of December 31, 2020.

(iv) The Group sold certain types of EV chargers to Zhichong New Energy. The outstanding balance of accounts receivable from Zhichong New Energy were US$73 thousand and US$457 thousand as of December 31, 2022 and 2023, respectively, which were included in amounts due from related parties on the consolidated balance sheets.

(v) In October 2023, the Group provided a loan in the amount of RMB0.7 million (equivalent to US$95 thousand) to Zhichong New Energy with a simple interest rate of 6% per annum. The principal and accrued interest shall be due within a year.

(vi) In 2020, the Group received RMB0.78 million (equivalent to US$0.11 million) from Mr. Ding Rui as interest-free advances. The Group repaid the advances in full in 2021.

(vii) In September 2023, the Group provided interest-free advances in the amount RMB0.2 million (equivalent to US$27 thousand) to other two executive officers for their personal use. The advances to the two executive officers were fully collected in September 2023.

(viii) In 2023, the Group provided interest-free advance in the amount of RMB2.9 million (equivalent to US$0.4 million) to Mr. Hou Yifei for his personal use, which was collected in April 2024.

19. REVENUE INFORMATION

Revenues consisted of the following:

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Product revenues	12,541,676	28,744,806	38,052,093
Service revenues	614,216	678,734	459,559
Total revenues	**13,155,892**	**29,423,540**	**38,511,652**

The following summarizes the Group's revenues from the following geographic areas (based on the locations of customers):

	For the Years Ended December 31,		
	2021	2022	2023
	US$	US$	US$
Europe	7,640,261	18,180,788	30,211,836
PRC	4,816,128	4,256,382	4,750,919
Others	699,503	6,986,370	3,548,897
Total revenues	**13,155,892**	**29,423,540**	**38,511,652**

The Group has elected the practical expedient in ASC 606-10-50-14(a) not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less.

20. SUBSEQUENT EVENTS

Management has considered subsequent events through June 10, 2024, which was the date the consolidated financial statements were issued.

On January 11, 2024, US$2 million convertible notes held by investor A and RMB50 million convertible loans held by investor B was converted into 35,842,294 and 126,135,217 Series B+ redeemable preference shares of the Company, respectively. For more information about the convertible debts, see Note 9.

On April 7, 2024, RMB15 million convertible loans held by investor C and applicable interest became due. On May 27, 2024, the Company and X-Charge Technology entered into an adjustment agreement on the convertible loan investment with investor C, pursuant to which all parties agreed that X-Charge Technology shall repay the loan principal and applicable interest to this investor (i) upon 180 days after the consummation of a qualified IPO (as defined in the Investors' Right Agreement), if this offering is completed on or before September 30, 2024 and the proceeds from such offering are no less than US$20 million; or (ii) on October 15, 2024 or any other date as mutually agreed by all parties in writing, if the conditions prescribed in (i) are not met on or before September 30, 2024. On May 27, 2024, the Company entered into a warrant termination agreement with investor C, pursuant to which both parties agreed to terminate the warrants issued to this investor to purchase 37,840,565 Series B+ preference shares, effective from April 7, 2024.

21. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

The following condensed parent company financial information of XCHG Limited has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements. As of December 31, 2023, there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable convertible preference shares or guarantees of XCHG Limited, except for those which have been separately disclosed in the consolidated financial statements.

(a) Condensed Balance Sheets

	As of December 31, 2023
	US$
ASSETS	
Current assets	
Cash	1,301,490
Amounts due from subsidiaries-current	17,239,775
Prepayments and other current assets	1,637,278
Total current assets	**20,178,543**
Non-current assets	
Amounts due from subsidiaries -non-current	25,463,152
Total non-current assets	**25,463,152**
Total assets	**45,641,695**
LIABILITIES	
Current liabilities	
Convertible debts	12,516,331
Net liabilities in subsidiaries	13,966,796
Amounts due to a subsidiary	9,022,846
Accrued expenses and other current liabilities	155,404
Total current liabilities	**35,661,377**
Total liabilities	**35,661,377**
MEZZANINE EQUITY	
Series Angel preference shares	1,176,340
Series Angel redeemable preference shares	1,176,340
Series A redeemable preference shares	8,043,015
Series A+ redeemable preference shares	3,795,370
Series B redeemable preference shares	25,825,948
Total mezzanine equity	**40,017,013**
SHAREHOLDERS' DEFICIT:	
Ordinary shares	8,062
Series Seed preference shares	2,000,000
Additional paid-in capital	6,563,764
Accumulated other comprehensive income	1,824,365
Accumulated deficit	(40,432,886)
Total shareholders' deficit	**(30,036,695)**
Total liabilities, mezzanine equity and shareholders' deficit	**45,641,695**

(b) Condensed Statements of Comprehensive Loss

	For the year ended December 31, 2023
	US$
Total operating expenses	(7,419,798)
Interest expense	(30,510)
Interest income	396
Equity in earnings of subsidiaries	829,431
Changes in fair value of convertible debts	(1,463,159)
Net loss	**(8,083,640)**
Accretion of redeemable convertible preferred shares to redemption value	(2,377,429)
Net loss attributable to ordinary shareholders of XCHG Limited	**(10,461,069)**
Net loss	**(8,083,640)**
Other comprehensive income	1,043,513
Total comprehensive loss	**(7,040,127)**

(c) Condensed Statements of Cash Flows

	For the year ended December 31, 2023
	US$
Net cash used in operating activities	(77,908)
Net cash used in investing activities	(33,370,232)
Net cash provided by financing activities	34,749,595
Effect of foreign currency exchange rate changes on cash	35
Net increase in cash	**1,301,490**
Cash at the beginning of the year	—
Cash at the end of the year	**1,301,490**

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 6. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company's 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 or committing a crime. Under our post-IPO memorandum and articles of association, which will become effective immediately prior to the completion of this offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, losses, damages and expenses incurred or sustained by such directors or officers by reason of any act done or omitted in or about the execution of their duty in their respective offices, other than by reason of such person's own fraud or dishonesty.

Pursuant to the form of indemnification agreements filed as Exhibit 10.3 to this Registration Statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

The Underwriting Agreement, the form of which to be filed as Exhibit 1.1 to this Registration Statement, will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, 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 therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities

During the past three years, we have issued the following securities (including options to acquire our ordinary shares) without registering the securities under the Securities Act. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions, pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering and/or Rule 701 of the Securities Act. None of the transactions involved an underwriter.

Purchaser	Date of Issuance	Number of Securities	Consideration
Ordinary shares			
Next EV Limited	December 16, 2021	300,000,000	US$29,999.0001
Future Charge Limited	December 16, 2021	200,000,000	US$20,000
Preference shares			
Zhen Partners Fund IV L.P.	June 30, 2023	87,525,000 Series Seed preference shares, 60,000,000 Series A preference shares and 11,700,900 Series A+ preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Zhen Partners Fund IV L.P. or its affiliate(s) before the Restructuring

Purchaser	Date of Issuance	Number of Securities	Consideration
GGV (Xcharge) Limited	June 30, 2023	240,000,000 Series A preference shares and 19,035,600 Series A+ preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by GGV (Xcharge) Limited or its affiliate(s) before the Restructuring
Shanghai Dingbei Enterprise Management Consulting L.P.	June 30, 2023	37,500,000 Series Angel preference shares	Exercise the warrants to purchase 37,500,000 Series Angel preference shares
Shanghai Dingpai Enterprise Management Consulting L.P.	June 30, 2023	37,500,000 Series Angel preference shares	Exercise the warrants to purchase 37,500,000 Series Angel preference shares
Shanghai Yuanyan Enterprise Management Consulting L.P.	June 30, 2023	88,235,400 Series A+ preference shares	Exercise the warrants to purchase 88,235,400 Series A+ preference shares
Beijing Foreign Economic and Trade Development Guidance Fund L.P.	June 30, 2023	260,180,400 Series B preference shares	Exercise the warrants to purchase 260,180,400 Series B preference shares
Shell Ventures Company Limited	June 30, 2023	198,442,800 Series B preference shares	Exercise the warrants to purchase 198,442,800 Series B preference shares
Chengdu Peikun Jingrong Venture Capital Partnership L.P.	June 30, 2023	66,147,600 Series B preference shares	Exercise the warrants to purchase 66,147,600 Series B preference shares
Chengdu Peikun Songfu Technology Partnership L.P.	June 30, 2023	22,049,100 Series B preference shares	Exercise the warrants to purchase 22,049,100 Series B preference shares
Beijing China-US Green Investment Center L.P.	June 30, 2023	55,552,800 Series B preference shares	Exercise the warrants to purchase 55,552,800 Series B preference shares
Foshan Hegao Zhixing XIV Equity Investment Center L.P.	June 30, 2023	87,525,000 Series Seed preference shares	Exercise the warrants to purchase 87,525,000 Series Seed preference shares
Mobility Innovation Fund, LLC	January 11, 2024	35,842,294 Series B+ preference shares	Exercise the warrant to purchase 35,842,294 Series B+-1 preference shares
Wuxi Shenqi Leye Private Equity Funds Partnership L.P.	January 11, 2024	126,135,217 Series B+ preference shares	Exercise the warrants to purchase 126,135,217 Series B+-2 preference shares

Purchaser	Date of Issuance	Number of Securities	Consideration
Warrants			
Shanghai Dingbei Enterprise Management Consulting L.P.	June 30, 2023	Warrants to purchase 37,500,000 Series Angel preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Dingbei Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring
Shanghai Dingpai Enterprise Management Consulting L.P.	June 30, 2023	Warrants to purchase 37,500,000 Series Angel preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Dingpai Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring
Shanghai Yuanyan Enterprise Management Consulting L.P.	June 30, 2023	Warrants to purchase 88,235,400 Series A+ preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shanghai Yuanyan Enterprise Management Consulting L.P. or its affiliate(s) before the Restructuring
Beijing Foreign Economic and Trade Development Guidance Fund L.P.	June 30, 2023	Warrants to purchase 260,180,400 Series B preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Beijing Foreign Economic and Trade Development Guidance Fund L.P. or its affiliate(s) before the Restructuring
Shell Ventures Company Limited	June 30, 2023	Warrants to purchase 198,442,800 Series B preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Shell Ventures Company Limited or its affiliate(s) before the Restructuring

Purchaser	Date of Issuance	Number of Securities	Consideration
Chengdu Peikun Jingrong Venture Capital Partnership L.P.	June 30, 2023	Warrants to purchase 66,147,600 Series B preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Chengdu Peikun Jingrong Venture Capital Partnership L.P. or its affiliate(s) before the Restructuring
Chengdu Peikun Songfu Technology Partnership L.P.	June 30, 2023	Warrants to purchase 22,049,100 Series B preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Chengdu Peikun Songfu Technology Partnership L.P. or its affiliate(s) before the Restructuring
Beijing China-US Green Investment Center L.P.	June 30, 2023	Warrants to purchase 55,552,800 Series B preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Beijing China-US Green Investment Center L.P. or its affiliate(s) before the Restructuring
Foshan Hegao Zhixing XIV Equity Investment Center L.P.	June 30, 2023	Warrants to purchase 87,525,000 Series Seed preference shares	In exchange of cancellation and forfeiture of the existing equity interests in X-Charge Technology held by Foshan Hegao Zhixing XIV Equity Investment Center L.P. or its affiliate(s) before the Restructuring
Mobility Innovation Fund, LLC	August 7, 2023	Warrant to purchase Series B+ preference shares at the purchase price of US$2,000,000 in the number calculated and with the rights and privileges as set forth in the Convertible Note Purchase Agreement	In exchange of conversion of the convertible note into securities

Purchaser	Date of Issuance	Number of Securities	Consideration
Wuxi Shenqi Leye Private Equity Funds Partnership L.P.	August 7, 2023	Warrants to purchase (1) 84,104,289 Series B+ preference shares, and (2) Series B+ preference shares, or, if applicable, the latest class of preference shares issued by XCHG Limited prior to the exercise of the warrants, in the principal amount of RMB20,000,000 in the number calculated and with the rights and privileges as set forth in the Onshore Convertible Note Agreement	In exchange of conversion of the convertible note into securities
Shell Ventures Company Limited	August 7, 2023	Warrant to purchase 37,840,565 Series B+ preference shares	In exchange of conversion of the convertible note into securities; terminated on April 7, 2024
Share Awards			
Certain executive officers and employees	August 7, 2023	150,000,000 restricted share units	Past and future services provided by these individuals to us

Item 8. Exhibits and Financial Statement Schedules

(a) Exhibits:

See Exhibit Index for a complete list of all exhibits filed as part of this registration, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements and the notes thereto.

Item 9. Undertakings

The undersigned hereby undertakes:

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) 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 U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 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 of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus 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.

XCHG LIMITED

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1**	Second Amended and Restated Memorandum of Association of the Registrant, as currently in effect
3.2*	Form of Post IPO Memorandum and Articles of Association of the Registrant, as effective immediately prior to the completion of this offering
4.1	Form of Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2	Registrant's Specimen Certificate for Class A Ordinary Shares
4.3	Form of Deposit Agreement between the Registrant, the depositary and owners and holders of the American Depositary Shares
5.1**	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered
8.1**	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2**	Opinion of Fangda Partners regarding certain PRC tax matters (included in Exhibit 99.2)
10.1**	The Equity Incentive Plan (The 2023 Share Incentive Plan)
10.2**	The Equity Incentive Plan (The 2023 Share Incentive Plan II)
10.3**	Form of Indemnification Agreement with each of the Registrant's directors and executive officers
10.4	Form of Employment Agreement between the Registrant and an executive officer of the Registrant
10.5†**	Investors' Rights Agreement
10.6†**	Convertible Note Purchase Agreement
10.7†	English translation of Convertible Loan Investment Agreement
10.8†**	Warrant Subscription Agreement
10.9†	English translation of Adjustment Agreement on the Convertible Loan Investment
10.10†	Warrant Termination Agreement
21.1**	Principal Subsidiaries of the Registrant
23.1	Consent of KPMG Huazhen LLP, Independent Registered Public Accounting Firm
23.2**	Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3**	Consent of Fangda Partners (included in Exhibit 99.2)
23.4**	Consent of GORG Partnerschaft von Rechtsanwalten mbB
24.1	Powers of Attorney (included on signature page)
99.1**	Code of Business Conduct and Ethics of the Registrant
99.2**	Opinion of Fangda Partners regarding certain PRC law matters
99.3**	Opinion of GORG Partnerschaft von Rechtsanwalten mbB regarding certain German law matters
99.4**	Consent of Frost & Sullivan
99.5**	Consent of Rodney James Huey
99.6**	Consent of Alberto Méndez Rebollo
99.7**	Representation under Item 8.A.4 of Form 20-F
107**	Calculation of Filing Fee Table

* To be filed by amendment.

** Previously filed.

† Certain of the appendices, annexes, exhibits and/or schedules to this exhibit have been omitted and certain information redacted in accordance with Regulation S-K Item 601. The Registrant agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, China, on June 10, 2024.

XCHG Limited

By: /s/ Yifei Hou

Name: Yifei Hou
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Yifei Hou and Xiaoling Song and each of them, individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the U.S. Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such 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 in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on June 10, 2024 in the capacities indicated:

Signature	Title
/s/ Yifei Hou Yifei Hou	Director and Chief Executive Officer (principal executive officer)
/s/ Xiaoling Song Xiaoling Song	Chief Financial Officer (principal financial and accounting officer)
/s/ Rui Ding Rui Ding	Chairman of the Board of Directors and Chief Technology Officer

[Signature Page to F-1]

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of XCHG Limited, has signed this registration statement or amendment thereto in New York on June 10, 2024.

Authorized U.S. Representative

By: /s/ Colleen A. De Vries

Name: Colleen A. De Vries
Title: Senior Vice President

[Signature Page to F-1]

Share Certificate

of

XCHG Limited

(the "Company")

An Exempted Company incorporated in the Cayman Islands

Authorised capital of the Company is US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each, comprising of: (i) 4,258,745,553 Class A ordinary shares of a par value of US$0.00001 each (**"Class A Ordinary Shares"**); and (ii) 741,254,447 Class B ordinary shares of a par value of US$0.00001 each (**"Class B Ordinary Shares"**)

This is to certify that the undermentioned person is the registered holder of the shares specified hereunder in the Company, subject to the Memorandum and Articles of Association of the Company.

Name & Address of the Shareholder:					
Certificate No.:	*** ***	No. of Shares:	- -	Consideration Paid:	

Date of Issue:

Given under the common seal of the Company on the date stated herein.

Director / Officer

NO TRANSFER OF ANY OF THE ABOVE SHARES CAN BE REGISTERED UNLESS ACCOMPANIED BY THIS CERTIFICATE

Exhibit 4.3

XCHG LIMITED

AND

THE BANK OF NEW YORK MELLON

As Depositary

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

Deposit Agreement

_____, 2024

TABLE OF CONTENTS

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of _____, 2024 among XCHG Limited, a company incorporated under the laws of the Cayman Islands (herein called the Company), THE BANK OF NEW YORK MELLON, a New York banking corporation (herein called the Depositary), and all Owners and Holders (each as hereinafter defined) from time to time of American Depositary Shares issued hereunder.

W I T N E S S E T H:

WHEREAS, the Company desires to provide, as set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Company from time to time with the Depositary or with the Custodian (as hereinafter defined) under this Deposit Agreement, for the creation of American Depositary Shares representing the Shares so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as set forth in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.1. American Depositary Shares.

The term "American Depositary Shares" shall mean the securities created under this Deposit Agreement representing rights with respect to the Deposited Securities. American Depositary Shares may be certificated securities evidenced by Receipts or uncertificated securities. The form of Receipt annexed as Exhibit A to this Deposit Agreement shall be the prospectus required under the Securities Act of 1933 for sales of both certificated and uncertificated American Depositary Shares. Except for those provisions of this Deposit Agreement that refer specifically to Receipts, all the provisions of this Deposit Agreement shall apply to both certificated and uncertificated American Depositary Shares.

Each American Depositary Share shall represent the number of Shares specified in Exhibit A to this Deposit Agreement, except that, if there is a distribution upon Deposited Securities covered by Section 4.3, a change in Deposited Securities covered by Section 4.8 with respect to which additional American Depositary Shares are not delivered or a sale of Deposited Securities under Section 3.2 or 4.8, each American Depositary Share shall thereafter represent the amount of Shares or other Deposited Securities that are then on deposit per American Depositary Share after giving effect to that distribution, change or sale.

SECTION 1.2. Commission.

The term "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.3. Company.

The term "Company" shall mean XCHG Limited, a company incorporated under the laws of the Cayman Islands, and its successors.

SECTION 1.4. Custodian.

The term "Custodian" shall mean The Hongkong and Shanghai Banking Corporation Limited, as custodian for the Depositary in Hong Kong for the purposes of this Deposit Agreement, and any other firm or corporation the Depositary appoints under Section 5.5 as a substitute or additional custodian under this Deposit Agreement, and shall also mean all of them collectively.

SECTION 1.5. Deliver; Surrender.

(a) The term "deliver", or its noun form, when used with respect to Shares or other Deposited Securities, shall mean (i) book-entry transfer of those Shares or other Deposited Securities to an account maintained by an institution authorized under applicable law to effect transfers of such securities designated by the person entitled to that delivery or (ii) physical transfer of certificates evidencing those Shares or other Deposited Securities registered in the name of, or duly endorsed or accompanied by proper instruments of transfer to, the person entitled to that delivery.

(b) The term "deliver", or its noun form, when used with respect to American Depositary Shares, shall mean (i) registration of those American Depositary Shares in the name of DTC or its nominee and book-entry transfer of those American Depositary Shares to an account at DTC designated by the person entitled to that delivery, (ii) registration of those American Depositary Shares not evidenced by a Receipt on the books of the Depositary in the name requested by the person entitled to that delivery and mailing to that person of a statement confirming that registration or (iii) if requested by the person entitled to that delivery, execution and delivery at the Depositary's Office to the person entitled to that delivery of one or more Receipts evidencing those American Depositary Shares registered in the name requested by that person.

(c) The term "surrender", when used with respect to American Depositary Shares, shall mean (i) one or more book-entry transfers of American Depositary Shares to the DTC account of the Depositary, (ii) delivery to the Depositary at its Office of an instruction to surrender American Depositary Shares not evidenced by a Receipt or (iii) surrender to the Depositary at its Office of one or more Receipts evidencing American Depositary Shares.

SECTION 1.6. Deposit Agreement.

The term "Deposit Agreement" shall mean this Deposit Agreement, as it may be amended from time to time in accordance with the provisions of this Deposit Agreement.

SECTION 1.7. Depositary; Depositary's Office.

The term "Depositary" shall mean The Bank of New York Mellon, a New York banking corporation, and any successor as depositary under this Deposit Agreement. The term "Office", when used with respect to the Depositary, shall mean the office at which its depositary receipts business is administered, which, at the date of this Deposit Agreement, is located at 240 Greenwich Street, New York, New York 10286.

SECTION 1.8. Deposited Securities.

The term "Deposited Securities" as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement, including without limitation, Shares that have not been successfully delivered upon surrender of American Depositary Shares, and any and all other securities, property and cash received by the Depositary or the Custodian in respect of Deposited Securities and at that time held under this Deposit Agreement.

SECTION 1.9. Disseminate.

The term "Disseminate," when referring to a notice or other information to be sent by the Depositary to Owners, shall mean (i) sending that information to Owners in paper form by mail or another means or (ii) with the consent of Owners, another procedure that has the effect of making the information available to Owners, which may include (A) sending the information by electronic mail or electronic messaging or (B) sending in paper form or by electronic mail or messaging a statement that the information is available and may be accessed by the Owner on an Internet website and that it will be sent in paper form upon request by the Owner, when that information is so available and is sent in paper form as promptly as practicable upon request.

SECTION 1.10. Dollars.

The term "Dollars" shall mean United States dollars.

SECTION 1.11. DTC.

The term "DTC" shall mean The Depository Trust Company or its successor.

SECTION 1.12. Foreign Registrar.

The term "Foreign Registrar" shall mean the entity that carries out the duties of registrar for the Shares and any other agent of the Company for the transfer and registration of Shares, including, without limitation, any securities depository for the Shares.

SECTION 1.13. Holder.

The term "Holder" shall mean any person holding a Receipt or a security entitlement or other interest in American Depositary Shares, whether for its own account or for the account of another person, but that is not the Owner of that Receipt or those American Depositary Shares.

SECTION 1.14. Owner.

The term "Owner" shall mean the person in whose name American Depositary Shares are registered on the books of the Depositary maintained for that purpose.

SECTION 1.15. Receipts.

The term "Receipts" shall mean the American Depositary Receipts issued under this Deposit Agreement evidencing certificated American Depositary Shares, as the same may be amended from time to time in accordance with the provisions of this Deposit Agreement.

SECTION 1.16. Registrar.

The term "Registrar" shall mean any corporation or other entity that is appointed by the Depositary to register American Depositary Shares and transfers of American Depositary Shares as provided in this Deposit Agreement.

SECTION 1.17. Replacement.

The term "Replacement" shall have the meaning assigned to it in Section 4.8.

SECTION 1.18. Restricted Securities.

The term "Restricted Securities" shall mean Shares that (i) are "restricted securities," as defined in Rule 144 under the Securities Act of 1933, except for Shares that could be resold in reliance on Rule 144 without any conditions, (ii) are beneficially owned by an officer, director (or person performing similar functions) or other affiliate of the Company, (iii) otherwise would require registration under the Securities Act of 1933 in connection with the public offer and sale thereof in the United States or (iv) are subject to other restrictions on sale or deposit under the laws of the Cayman Islands, a shareholder agreement or the articles of association or similar document of the Company.

SECTION 1.19. Securities Act of 1933.

The term "Securities Act of 1933" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.20. Shares.

The term "Shares" shall mean Class A ordinary shares of the Company that are validly issued and outstanding, fully paid and nonassessable and that were not issued in violation of any pre-emptive or similar rights of the holders of outstanding securities of the Company; provided, however, that, if there shall occur any change in nominal or par value, a split-up or consolidation or any other reclassification or, upon the occurrence of an event described in Section 4.8, an exchange or conversion in respect of the Shares of the Company, the term "Shares" shall thereafter also mean the successor securities resulting from such change in nominal value, split-up or consolidation or such other reclassification or such exchange or conversion.

SECTION 1.21. SWIFT.

The term "SWIFT" shall mean the financial messaging network operated by the Society for Worldwide Interbank Financial Telecommunication, or its successor.

SECTION 1.22. Termination Option Event.

The term "Termination Option Event" shall mean any of the following events or conditions:

(i) the Company institutes proceedings to be adjudicated as bankrupt or insolvent, consents to the institution of bankruptcy or insolvency proceedings against it, files a petition or answer or consent seeking reorganization or relief under any applicable law in respect of bankruptcy or insolvency, consents to the filing of any petition of that kind or to the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of it or any substantial part of its property or makes an assignment for the benefit of creditors, or if information becomes publicly available indicating that unsecured claims against the Company are not expected to be paid;

(ii) the Shares are delisted, or the Company announces its intention to delist the Shares, from a stock exchange outside the United States, and the Company has not applied to list the Shares on any other stock exchange outside the United States;

(iii) the American Depositary Shares are delisted from a stock exchange in the United States on which the American Depositary Shares were listed and, 30 days after that delisting, the American Depositary Shares have not been listed on another stock exchange in the United States, nor is there a symbol available for over-the-counter trading of the American Depositary Shares in the United States;

(iv) the Depositary has received notice of facts that indicate, or otherwise has reason to believe, that the American Depositary Shares have become, or with the passage of time will become, ineligible for registration on Form F-6 under the Securities Act of 1933; or

(v) an event or condition that is defined as a Termination Option Event in Section 4.1, 4.2 or 4.8.

ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, DELIVERY, TRANSFER AND SURRENDER OF AMERICAN DEPOSITARY SHARES

SECTION 2.1. Form of Receipts; Registration and Transferability of American Depositary Shares.

Definitive Receipts shall be substantially in the form set forth in Exhibit A to this Deposit Agreement, with appropriate insertions, modifications and omissions, as permitted under this Deposit Agreement. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless that Receipt has been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or the Registrar or a co-registrar. The Depositary shall maintain books on which (x) each Receipt so executed and delivered as provided in this Deposit Agreement and each transfer of that Receipt and (y) all American Depositary Shares delivered as provided in this Deposit Agreement and all registrations of transfer of American Depositary Shares, shall be registered. A Receipt bearing the facsimile signature of a person that was at any time a proper officer of the Depositary shall, subject to the other provisions of this paragraph, bind the Depositary, even if that person was not a proper officer of the Depositary on the date of issuance of that Receipt.

The Receipts and statements confirming registration of American Depositary Shares may have incorporated in or attached to them such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts and American Depositary Shares are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

American Depositary Shares evidenced by a Receipt, when the Receipt is properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York. American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under this Deposit Agreement to any Holder of American Depositary Shares (but only to the Owner of those American Depositary Shares).

SECTION 2.2. Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited under this Deposit Agreement by delivery thereof to any Custodian, accompanied by any appropriate instruments or instructions for transfer, or endorsement, in form satisfactory to the Custodian.

As conditions of accepting Shares for deposit, the Depositary may require (i) any certification required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, (ii) a written order directing the Depositary to deliver to, or upon the written order of, the person or persons stated in that order American Depositary Shares representing those deposited Shares, (iii) evidence satisfactory to the Depositary that those Shares have been re-registered in the books of the Company or the Foreign Registrar in the name of the Depositary, a Custodian or a nominee of the Depositary or a Custodian, (iv) evidence satisfactory to the Depositary that any necessary approval for the transfer or deposit has been granted by any governmental body in each applicable jurisdiction and (v) an agreement or assignment, or other instrument satisfactory to the Depositary, that provides for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property, that any person in whose name those Shares are or have been recorded may thereafter receive upon or in respect of those Shares, or, in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

The Depositary shall refuse, and shall instruct the Custodian to refuse, to accept Shares for deposit if the Depositary has received a notice from the Company that the Company has restricted transfer of those Shares under the Company's articles of association or any applicable laws or that the deposit would result in any violation of the Company's articles of association or any applicable laws.

At the request and risk and expense of a person proposing to deposit Shares, and for the account of that person, the Depositary may receive certificates for Shares to be deposited, together with the other instruments specified in this Section, for the purpose of forwarding those Share certificates to the Custodian for deposit under this Deposit Agreement.

The Depositary shall instruct each Custodian that, upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited under this Deposit Agreement, together with the other documents specified in this Section, that Custodian shall, as soon as transfer and recordation can be accomplished, present that certificate or those certificates to the Company or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depositary or its nominee or that Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

SECTION 2.3. Delivery of American Depositary Shares.

The Depositary shall instruct each Custodian that, upon receipt by that Custodian of any deposit pursuant to Section 2.2, together with the other documents or evidence required under that Section, that Custodian shall notify the Depositary of that deposit and the person or persons to whom or upon whose written order American Depositary Shares are deliverable in respect thereof. Upon receiving a notice of a deposit from a Custodian, or upon the receipt of Shares or evidence of the right to receive Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall deliver, to or upon the order of the person or persons entitled thereto, the number of American Depositary Shares issuable in respect of that deposit, but only upon payment to the Depositary of the fees and expenses of the Depositary for the delivery of those American Depositary Shares as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with that deposit and the transfer of the deposited Shares. However, the Depositary shall deliver only whole numbers of American Depositary Shares.

SECTION 2.4. Registration of Transfer of American Depositary Shares; Combination and Split-up of Receipts; Interchange of Certificated and Uncertificated American Depositary Shares.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register a transfer of American Depositary Shares on its transfer books upon (i) in the case of certificated American Depositary Shares, surrender of the Receipt evidencing those American Depositary Shares, by the Owner or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer or (ii) in the case of uncertificated American Depositary Shares, receipt from the Owner of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9), and, in either case, duly stamped as may be required by the laws of the State of New York and of the United States of America. Upon registration of a transfer, the Depositary shall deliver the transferred American Depositary Shares to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel the Receipt evidencing those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the owner of the same number of uncertificated American Depositary Shares. The Depositary, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and register and deliver to the Owner a Receipt evidencing the same number of certificated American Depositary Shares.

The Depositary may appoint one or more co-transfer agents for the purpose of effecting registration of transfers of American Depositary Shares and combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to American Depositary Shares and will be entitled to protection and indemnity to the same extent as the Depositary.

SECTION 2.5. Surrender of American Depositary Shares and Withdrawal of Deposited Securities.

Upon surrender of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby and payment of the fee of the Depositary for the surrender of American Depositary Shares as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with that surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Owner of those American Depositary Shares shall be entitled to delivery (to the extent delivery can then be lawfully and practicably made), to or as instructed by that Owner, of the amount of Deposited Securities at the time represented by those American Depositary Shares, but not any money or other property as to which a record date for distribution to Owners has passed (since money or other property of that kind will be delivered or paid on the scheduled payment date to the Owner as of that record date), and except that the Depositary shall not be required to accept surrender of American Depositary Shares for the purpose of withdrawal to the extent it would require delivery of a fraction of a Deposited Security. That delivery shall be made, as provided in this Section, without unreasonable delay.

As a condition of accepting a surrender of American Depositary Shares for the purpose of withdrawal of Deposited Securities, the Depositary may require (i) that each surrendered Receipt be properly endorsed in blank or accompanied by proper instruments of transfer in blank and (ii) that the surrendering Owner execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in that order.

Thereupon, the Depositary shall direct the Custodian to deliver, subject to Sections 2.6, 3.1 and 3.2, the other terms and conditions of this Deposit Agreement and local market rules and practices, to the surrendering Owner or to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the surrendered American Depositary Shares, and the Depositary may charge the surrendering Owner a fee and its expenses for giving that direction by cable (including SWIFT) or facsimile transmission. The Company agrees not to prevent, hinder or unreasonably delay any lawful delivery or registration of transfer of Deposited Securities upon surrender of American Depositary Shares for the purpose of withdrawal.

If Deposited Securities are delivered physically upon surrender of American Depositary Shares for the purpose of withdrawal, that delivery will be made at the Custodian's office, except that, at the request, risk and expense of an Owner surrendering American Depositary Shares for withdrawal of Deposited Securities, and for the account of that Owner, the Depositary shall direct the Custodian to forward any cash or other property comprising, and forward a certificate or certificates, if applicable, and other proper documents of title, if any, for, the Deposited Securities represented by the surrendered American Depositary Shares to the Depositary for delivery at the Depositary's Office or to another address specified in the order received from the surrendering Owner.

SECTION 2.6. Limitations on Delivery, Registration of Transfer and Surrender of American Depositary Shares.

As a condition precedent to the delivery, registration of transfer or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Deposit Agreement, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The Depositary may refuse to accept deposits of Shares for delivery of American Depositary Shares or to register transfers of American Depositary Shares in particular instances, or may suspend deposits of Shares or registration of transfer generally, whenever it or the Company considers it necessary or advisable to do so. The Depositary may refuse surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities in particular instances, or may suspend surrenders for the purpose of withdrawal generally, but, notwithstanding anything to the contrary in this Deposit Agreement, only for (i) temporary delays caused by closing of the Depositary's register or the register of holders of Shares maintained by the Company or the Foreign Registrar, or the deposit of Shares, in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities or (iv) any other reason that, at the time, is permitted under paragraph I(A)(1) of the General Instructions to Form F-6 under the Securities Act of 1933 or any successor to that provision.

The Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares that, at the time of deposit, are Restricted Securities.

SECTION 2.7. Lost Receipts, etc.

If a Receipt is mutilated, destroyed, lost or stolen, the Depositary shall deliver to the Owner the American Depositary Shares evidenced by that Receipt in uncertificated form or, if requested by the Owner, execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt, upon surrender and cancellation of that mutilated Receipt, or in lieu of and in substitution for that destroyed, lost or stolen Receipt. However, before the Depositary will deliver American Depositary Shares in uncertificated form or execute and deliver a new Receipt, in substitution for a destroyed, lost or stolen Receipt, the Owner must (a) file with the Depositary (i) a request for that replacement before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfy any other reasonable requirements imposed by the Depositary.

SECTION 2.8. Cancellation and Destruction of Surrendered Receipts.

The Depositary shall cancel all Receipts surrendered to it and is authorized to destroy Receipts so cancelled.

SECTION 2.9. DTC Direct Registration System and Profile Modification System.

(a) Notwithstanding the provisions of Section 2.4, the parties acknowledge that DTC's Direct Registration System ("DRS") and Profile Modification System ("Profile") apply to the American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC that facilitates interchange between registered holding of uncertificated securities and holding of security entitlements in those securities through DTC and a DTC participant. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of an Owner of American Depositary Shares, to direct the Depositary to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the Owner to register that transfer.

(b) In connection with DRS/Profile, the parties acknowledge that the Depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an Owner in requesting a registration of transfer and delivery as described in paragraph (a) above has the actual authority to act on behalf of that Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 apply to the matters arising from the use of the DRS/Profile. The parties agree that the Depositary's reliance on and compliance with instructions received by the Depositary through the DRS/Profile system and otherwise in accordance with this Deposit Agreement shall not constitute negligence or bad faith on the part of the Depositary.

ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

SECTION 3.1. Filing Proofs, Certificates and Other Information.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper, or as the Company may reasonably require by written request to the Depositary. The Depositary may withhold the delivery or registration of transfer of American Depositary Shares, the distribution of any dividend or other distribution or of the proceeds thereof or the delivery of any Deposited Securities until that proof or other information is filed or those certificates are executed or those representations and warranties are made. The Depositary shall provide the Company, upon the Company's written request and at the Company's expense, as promptly as practicable, with copies of any information or other materials that the Depositary receives pursuant to this Section, to the extent that the requested disclosure is permitted under applicable law.

SECTION 3.2. Liability of Owner for Taxes.

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to or in connection with any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares or in connection with a transaction to which Section 4.8 applies, that tax or other governmental charge shall be payable by the Owner of those American Depositary Shares to the Depositary. The Depositary may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until that payment is made, and may withhold any dividends or other distributions or the proceeds thereof, or may sell for the account of the Owner any part or all of the Deposited Securities represented by those American Depositary Shares and apply those dividends or other distributions or the net proceeds of any sale of that kind in payment of that tax or other governmental charge but, even after a sale of that kind, the Owner of those American Depositary Shares shall remain liable for any deficiency. The Depositary shall distribute any net proceeds of a sale made under this Section that are not used to pay taxes or governmental charges to the Owners entitled to them in accordance with Section 4.1. If the number of Shares represented by each American Depositary Share decreases as a result of a sale of Deposited Securities under this Section, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

SECTION 3.3. Warranties on Deposit of Shares.

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that those Shares and each certificate therefor, if applicable, are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive or similar rights of the holders of outstanding securities of the Company and that the person making that deposit is duly authorized so to do. Every depositing person shall also be deemed to represent that the Shares, at the time of deposit, are not Restricted Securities. All representations and warranties deemed made under this Section shall survive the deposit of Shares and delivery of American Depositary Shares.

SECTION 3.4. Disclosure of Interests.

When required in order to comply with applicable laws and regulations or the articles of association or similar document of the Company, the Company may from time to time request each Owner and Holder to provide to the Depositary information relating to: (a) the capacity in which it holds American Depositary Shares, (b) the identity of any Holders or other persons or entities then or previously interested in those American Depositary Shares and the nature of those interests and (c) any other matter where disclosure of such matter is required for that compliance. Each Owner and Holder agrees to provide all information known to it in response to a request made pursuant to this Section. Each Holder consents to the disclosure by the Depositary and the Owner or any other Holder through which it holds American Depositary Shares, directly or indirectly, of all information responsive to a request made pursuant to this Section relating to that Holder that is known to that Owner or other Holder. The Depositary agrees to use reasonable efforts to comply with written instructions requesting that the Depositary forward any request authorized under this Section to the Owners and to forward to the Company any responses it receives in response to that request. The Depositary may charge the Company a fee and its expenses for complying with requests under this Section 3.4.

ARTICLE 4. THE DEPOSITED SECURITIES

SECTION 4.1. Cash Distributions.

Whenever the Depositary receives any cash dividend or other cash distribution on Deposited Securities, the Depositary shall, subject to the provisions of Section 4.5, convert that dividend or other distribution into Dollars and distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing those Deposited Securities held by them respectively; provided, however, that if the Custodian or the Depositary shall be required to withhold and does withhold from that cash dividend or other cash distribution an amount on account of taxes or other governmental charges, the amount distributed to the Owners of the American Depositary Shares representing those Deposited Securities shall be reduced accordingly. However, the Depositary will not pay any Owner a fraction of one cent, but will round each Owner's entitlement to the nearest whole cent.

The Company or its agent will remit to the appropriate governmental agency in each applicable jurisdiction all amounts withheld and owing to such agency.

If a cash distribution would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that cash distribution; or

(ii) sell all Deposited Securities other than the subject cash distribution and add any net cash proceeds of that sale to the cash distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that cash distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

SECTION 4.2. Distributions Other Than Cash, Shares or Rights.

Subject to the provisions of Sections 4.11 and 5.9, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 on Deposited Securities (but not in exchange for or in conversion or in lieu of Deposited Securities), the Depositary shall cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary and any taxes or other governmental charges, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary deems equitable and practicable for accomplishing that distribution (which may be a distribution of depositary shares representing the securities received); provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Company or the Depositary withhold an amount on account of taxes or other governmental charges or that securities received must be registered under the Securities Act of 1933 in order to be distributed to Owners or Holders) the Depositary deems such distribution not to be lawful and feasible, the Depositary, after consultation with the Company to the extent practicable, may adopt such other method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and distribution of the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, all in the manner and subject to the conditions set forth in Section 4.1. The Depositary may withhold any distribution of securities under this Section 4.2 if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Section 4.2 that is sufficient to pay its fees and expenses in respect of that distribution.

If a distribution to be made under this Section 4.2 would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that distribution; or

(ii) sell all Deposited Securities other than the subject distribution and add any net cash proceeds of that sale to the distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

SECTION 4.3. Distributions in Shares.

Whenever the Depositary receives any distribution on Deposited Securities consisting of a dividend in, or free distribution of, Shares, the Depositary may deliver to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing those Deposited Securities held by them respectively, an aggregate number of American Depositary Shares representing the amount of Shares received as that dividend or free distribution, subject to the terms and conditions of this Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares, including withholding of any tax or governmental charge as provided in Section 4.11 and payment of the fees and expenses of the Depositary as provided in Section 5.9 (and the Depositary may sell, by public or private sale, an amount of the Shares received (or American Depositary Shares representing those Shares) sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering fractional American Depositary Shares, the Depositary may sell the amount of Shares represented by the aggregate of those fractions (or American Depositary Shares representing those Shares) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. If and to the extent that additional American Depositary Shares are not delivered and Shares or American Depositary Shares are not sold, each American Depositary Share shall thenceforth also represent the additional Shares distributed on the Deposited Securities represented thereby.

If the Company declares a distribution in which holders of Deposited Securities have a right to elect whether to receive cash, Shares or other securities or a combination of those things, or a right to elect to have a distribution sold on their behalf, the Depositary may, after consultation with the Company, make that right of election available for exercise by Owners in any manner the Depositary considers to be lawful and practical. As a condition of making a distribution election right available to Owners, the Depositary may require satisfactory assurances from the Company that doing so does not require registration of any securities under the Securities Act of 1933 that has not been effected.

SECTION 4.4. Rights.

(a) If rights are granted to the Depositary in respect of deposited Shares to purchase additional Shares or other securities, the Company and the Depositary shall endeavor to consult as to the actions, if any, the Depositary should take in connection with that grant of rights. The Depositary may, to the extent deemed by it to be lawful and practical (i) if requested in writing by the Company, grant to all or certain Owners rights to instruct the Depositary to purchase the securities to which the rights relate and deliver those securities or American Depositary Shares representing those securities to Owners, (ii) if requested in writing by the Company, deliver the rights to or to the order of certain Owners, or (iii) sell the rights to the extent practicable and distribute the net proceeds of that sale to Owners entitled to those proceeds. To the extent rights are not exercised, delivered or disposed of under (i), (ii) or (iii) above, the Depositary shall permit the rights to lapse unexercised.

(b) If the Depositary will act under (a)(i) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon instruction from an applicable Owner in the form the Depositary specified and upon payment by that Owner to the Depositary of an amount equal to the purchase price of the securities to be received upon the exercise of the rights, the Depositary shall, on behalf of that Owner, exercise the rights and purchase the securities. The purchased securities shall be delivered to, or as instructed by, the Depositary. The Depositary shall (i) deposit the purchased Shares under this Deposit Agreement and deliver American Depositary Shares representing those Shares to that Owner or (ii) deliver or cause the purchased Shares or other securities to be delivered to or to the order of that Owner. The Depositary will not act under (a)(i) above unless the offer and sale of the securities to which the rights relate are registered under the Securities Act of 1933 or the Depositary has received an opinion of United States counsel that is satisfactory to it to the effect that those securities may be sold and delivered to the applicable Owners without registration under the Securities Act of 1933. For the avoidance of doubt, nothing in this Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to rights or the underlying securities or to endeavor to have such a registration statement declared effective.

(c) If the Depositary will act under (a)(ii) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon (i) the request of an applicable Owner to deliver the rights allocable to the American Depositary Shares of that Owner to an account specified by that Owner to which the rights can be delivered and (ii) receipt of such documents as the Company and the Depositary agreed to require to comply with applicable law, the Depositary will deliver those rights as requested by that Owner.

(d) If the Depositary will act under (a)(iii) above, the Depositary will use reasonable efforts to sell the rights in proportion to the number of American Depositary Shares held by the applicable Owners and pay the net proceeds to the Owners otherwise entitled to the rights that were sold, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

(e) Payment or deduction of the fees of the Depositary as provided in Section 5.9 and payment or deduction of the expenses of the Depositary and any applicable taxes or other governmental charges shall be conditions of any delivery of securities or payment of cash proceeds under this Section 4.4.

(f) The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make rights available to or exercise rights on behalf of Owners in general or any Owner in particular, or to sell rights.

SECTION 4.5. Conversion of Foreign Currency.

Whenever the Depositary or the Custodian receives foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary or one of its agents or affiliates or the Custodian shall convert or cause to be converted by sale or in any other manner that it may determine that foreign currency into Dollars, and those Dollars shall be distributed to the Owners entitled thereto. A cash distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners based on exchange restrictions, the date of delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9.

If a conversion of foreign currency or the repatriation or distribution of Dollars can be effected only with the approval or license of any government or agency thereof, the Depositary may, but will not be required to, file an application for that approval or license.

If the Depositary determines that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof that is required for such conversion is not filed or sought by the Depositary or is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make that conversion and distribution in Dollars to the extent practicable and permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold that balance uninvested and without liability for interest thereon for the account of, the Owners entitled thereto.

The Depositary may convert currency itself or through any of its affiliates, or the Custodian or the Company may convert currency and pay Dollars to the Depositary. Where the Depositary converts currency itself or through any of its affiliates, the Depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under this Deposit Agreement and the rate that the Depositary or its affiliate receives when buying or selling foreign currency for its own account. The Depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under this Deposit Agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to Owners, subject to the Depositary's obligations under Section 5.3. The methodology used to determine exchange rates used in currency conversions made by the Depositary is available upon request. Where the Custodian converts currency, the Custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to Owners, and the Depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the Depositary may receive dividends or other distributions from the Company in Dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by or on behalf of the Company and, in such cases, the Depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor the Company makes any representation that the rate obtained or determined by the Company is the most favorable rate and neither it nor the Company will be liable for any direct or indirect losses associated with the rate.

SECTION 4.6. Fixing of Record Date.

Whenever a cash dividend, cash distribution or any other distribution is made on Deposited Securities or rights to purchase Shares or other securities are issued with respect to Deposited Securities (which rights will be delivered to or exercised or sold on behalf of Owners in accordance with Section 4.4) or the Depositary receives notice that a distribution or issuance of that kind will be made, or whenever the Depositary receives notice that a meeting of holders of Shares will be held in respect of which the Company has requested the Depositary to send a notice under Section 4.7, or whenever the Depositary will assess a fee or charge against the Owners, or whenever the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary otherwise finds it necessary or convenient, the Depositary shall fix a record date, which shall be the same as, or as near as practicable to, any corresponding record date set by the Company with respect to Shares, (a) for the determination of the Owners (i) who shall be entitled to receive the benefit of that dividend or other distribution or those rights, (ii) who shall be entitled to give instructions for the exercise of voting rights at that meeting, (iii) who shall be responsible for that fee or charge or (iv) for any other purpose for which the record date was set, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Owners on a record date fixed by the Depositary shall be entitled to receive the amount distributable by the Depositary with respect to that dividend or other distribution or those rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively, to give voting instructions or to act in respect of the other matter for which that record date was fixed, or be responsible for that fee or charge, as the case may be.

SECTION 4.7. Voting of Deposited Shares.

(a) Upon receipt of notice of any meeting of holders of Shares at which holders of Shares will be entitled to vote, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, Disseminate to the Owners a notice, the form of which shall be in the sole discretion of the Depositary, that shall contain (i) the information contained in the notice of meeting received by the Depositary, (ii) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Cayman Islands law and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Shares represented by their respective American Depositary Shares, (iii) a statement as to the manner in which those instructions may be given and (iv) the last date on which the Depositary will accept instructions (the "Instruction Cutoff Date").

(b) Upon the written request of an Owner of American Depositary Shares, as of the date of the request or, if a record date was specified by the Depositary, as of that record date, received on or before any Instruction Cutoff Date established by the Depositary, the Depositary may, and if the Depositary sent a notice under the preceding paragraph shall, endeavor, in so far as practicable, to vote or cause to be voted the amount of deposited Shares represented by those American Depositary Shares in accordance with the instructions set forth in that request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the deposited Shares other than in accordance with instructions given by Owners and received by the Depositary or as provided in the following sentence. If

(i) the Company instructed the Depositary to Disseminate a notice under paragraph (a) above and complied with the paragraph (d) below,

(ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the Instruction Cutoff Date and

(iii) the Depositary has received from the Company, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) the Company wishes a proxy to be given under this sentence, (y) the Company reasonably does not know of any substantial opposition to the matters and (z) the matters are not materially adverse to the interests of shareholders,

then, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of deposited Shares represented by that amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of deposited Shares as to that matter.

(c) There can be no assurance that Owners generally or any Owner in particular will receive the notice described in paragraph (a) above in time to enable Owners to give instructions to the Depositary prior to the Instruction Cutoff Date.

(d) In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Shares, if the Company will request the Depositary to Disseminate a notice under paragraph (a) above, the Company shall give the Depositary notice of the meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Shares in connection with the meeting not less than 30 days prior to the meeting date.

SECTION 4.8. Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities.

(a) The Depositary shall not tender any Deposited Securities in response to any voluntary cash tender offer, exchange offer or similar offer made to holders of Deposited Securities (a "Voluntary Offer"), except when instructed in writing to do so by an Owner surrendering American Depositary Shares and subject to any conditions or procedures the Depositary may require.

(b) If the Depositary receives a written notice that Deposited Securities have been redeemed for cash or otherwise purchased for cash in a transaction that is mandatory and binding on the Depositary as a holder of those Deposited Securities (a "Redemption"), the Depositary, at the expense of the Company, shall (i) if required, surrender Deposited Securities that have been redeemed to the issuer of those securities or its agent on the redemption date, (ii) Disseminate a notice to Owners (A) notifying them of that Redemption, (B) calling for surrender of a corresponding number of American Depositary Shares and (C) notifying them that the called American Depositary Shares have been converted into a right only to receive the money received by the Depositary upon that Redemption and those net proceeds shall be the Deposited Securities to which Owners of those converted American Depositary Shares shall be entitled upon surrenders of those American Depositary Shares in accordance with Section 2.5 or 6.2 and (iii) distribute the money received upon that Redemption to the Owners entitled to it upon surrender by them of called American Depositary Shares in accordance with Section 2.5 (and, for the avoidance of doubt, Owners shall not be entitled to receive that money under Section 4.1). If the Redemption affects less than all the Deposited Securities, the Depositary shall call for surrender a corresponding portion of the outstanding American Depositary Shares and only those American Depositary Shares will automatically be converted into a right to receive the net proceeds of the Redemption. The Depositary shall allocate the American Depositary Shares converted under the preceding sentence among the Owners pro-rata to their respective holdings of American Depositary Shares immediately prior to the Redemption, except that the allocations may be adjusted so that no fraction of a converted American Depositary Share is allocated to any Owner. A Redemption of all or substantially all of the Deposited Securities shall be a Termination Option Event.

(c) If the Depositary is notified of or there occurs any change in nominal value or any subdivision, combination or any other reclassification of the Deposited Securities or any recapitalization, reorganization, sale of assets substantially as an entirety, merger or consolidation affecting the issuer of the Deposited Securities or to which it is a party that is mandatory and binding on the Depositary as a holder of Deposited Securities and, as a result, securities or other property have been or will be delivered in exchange, conversion, replacement or in lieu of, Deposited Securities (a "Replacement"), the Depositary shall, if required, surrender the old Deposited Securities affected by that Replacement of Shares and hold, as new Deposited Securities under this Deposit Agreement, the new securities or other property delivered to it in that Replacement. However, the Depositary may elect to sell those new Deposited Securities if in the opinion of the Depositary it is not lawful or not practical for it to hold those new Deposited Securities under this Deposit Agreement because those new Deposited Securities may not be distributed to Owners without registration under the Securities Act of 1933 or for any other reason, at public or private sale, at such places and on such terms as it deems proper and proceed as if those new Deposited Securities had been Redeemed under paragraph (b) above. A Replacement shall be a Termination Option Event.

(d) In the case of a Replacement where the new Deposited Securities will continue to be held under this Deposit Agreement, the Depositary may call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing the new Deposited Securities and the number of those new Deposited Securities represented by each American Depositary Share. If the number of Shares represented by each American Depositary Share decreases as a result of a Replacement, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

(e) If there are no Deposited Securities with respect to American Depositary Shares, including if the Deposited Securities are cancelled, or the Deposited Securities with respect to American Depositary Shares have become apparently worthless, the Depositary may call for surrender of those American Depositary Shares or may cancel those American Depositary Shares, upon notice to Owners, and that condition shall be a Termination Option Event.

SECTION 4.9. Reports.

The Depositary shall make available for inspection by Owners at its Office any reports and communications, including any proxy solicitation material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of those Deposited Securities by the Company. The Company shall furnish reports and communications, including any proxy soliciting material to which this Section applies, to the Depositary in English, to the extent those materials are required to be translated into English pursuant to any regulations of the Commission.

SECTION 4.10. Lists of Owners.

As promptly as practicable upon written request by the Company, the Depositary shall, at the expense of the Company, furnish to it a list, as of a recent date, of the names, addresses and American Depositary Share holdings of all Owners.

SECTION 4.11. Withholding.

If the Depositary determines that any distribution received or to be made by the Depositary (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge that the Depositary is obligated to withhold, the Depositary may sell, by public or private sale, all or a portion of the distributed property (including Shares and rights to subscribe therefor) in the amounts and manner the Depositary deems necessary and practicable to pay those taxes or charges, and the Depositary shall distribute the net proceeds of that sale, after deduction of those taxes or charges, to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

Services for Owners and Holders that may permit them to obtain reduced rates of tax withholding at source or reclaim excess tax withheld, and the fees and costs associated with using services of that kind, are not provided under, and are outside the scope of, this Deposit Agreement.

Each Owner and Holder agrees to indemnify the Company, the Depositary, the Custodian and their respective directors, employees, agents and affiliates for, and hold each of them harmless against, any claim by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced withholding at source or other tax benefit received by it.

ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE COMPANY

SECTION 5.1. Maintenance of Office and Register by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain facilities for the delivery, registration of transfers and surrender of American Depositary Shares in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep a register of all Owners and all outstanding American Depositary Shares, which shall be open for inspection by the Owners at the Depositary's Office during regular business hours, but only for the purpose of communicating with Owners regarding the business of the Company or a matter related to this Deposit Agreement or the American Depositary Shares.

The Depositary may close the register for delivery, registration of transfer or surrender for the purpose of withdrawal from time to time as provided in Section 2.6.

If any American Depositary Shares are listed on one or more stock exchanges, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registration of those American Depositary Shares in accordance with any requirements of that exchange or those exchanges.

The Company shall have the right, at all reasonable times, upon written request, to inspect the transfer and registration records of the Depositary, the Registrar and any co-transfer agents or co-registrars and to require them to supply, at the Company's expense (unless otherwise agreed in writing between the Company and the Depositary), copies of such portion of their records as the Company may reasonably request.

SECTION 5.2. Prevention or Delay of Performance by the Company or the Depositary.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or Holder:

(i) if by reason of (A) any provision of any present or future law or regulation or other act or action of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange; (B) (in the case of the Depositary only) any provision, present or future, of the articles of association or similar document of the Company, or any provision of any securities issued or distributed by the Company, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depositary or the Company, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to, earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labor disputes, criminal acts or outbreaks of infectious disease; interruptions or malfunctions of utility services, Internet or other communications lines or systems; unauthorized access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the Depositary or the Company is, directly or indirectly, prevented from, forbidden to or delayed in, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing that, by the terms of this Deposit Agreement or the Deposited Securities, it is provided shall be done or performed;

(ii) for any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement (including any determination by the Depositary or the Company to take, or not take, any action that this Deposit Agreement provides the Depositary or the Company, as the case may be, may take);

(iii) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Owners or Holders; or

(iv) for any special, consequential or punitive damages for any breach of the terms of this Deposit Agreement.

Where, by the terms of a distribution to which Section 4.1, 4.2 or 4.3 applies, or an offering to which Section 4.4 applies, or for any other reason, that distribution or offering may not be made available to Owners, and the Depositary may not dispose of that distribution or offering on behalf of Owners and make the net proceeds available to Owners, then the Depositary shall not make that distribution or offering available to Owners, and shall allow any rights, if applicable, to lapse.

SECTION 5.3. Obligations of the Depositary and the Company.

The Company assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or Holder, except that the Company agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or Holder (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that the Depositary agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith, and the Depositary shall not be a fiduciary or have any fiduciary duty to Owners or Holders.

Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares on behalf of any Owner or Holder or any other person.

Each of the Depositary and the Company may rely, and shall be protected in relying upon, any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the Depositary nor the Company shall be liable for any action or non-action by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of American Depositary Shares or Deposited Securities or otherwise.

In the absence of bad faith on its part, the Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote.

The Depositary shall have no duty to make any determination or provide any information as to the tax status of the Company. Neither the Depositary nor the Company shall have any liability for any tax consequences that may be incurred by Owners or Holders as a result of owning or holding American Depositary Shares. Neither the Depositary nor the Company shall be liable for the inability or failure of an Owner or Holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

SECTION 5.4. Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Company, to become effective upon the appointment of a successor depositary and its acceptance of that appointment as provided in this Section. The effect of resignation if a successor depositary is not appointed is provided for in Section 6.2.

The Depositary may at any time be removed by the Company by 90 days' prior written notice of that removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of its appointment as provided in this Section.

If the Depositary resigns or is removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to the Company an instrument in writing accepting its appointment under this Deposit Agreement. If the Depositary receives notice from the Company that a successor depositary has been appointed following its resignation or removal, the Depositary, upon payment of all sums due it from the Company, shall deliver to its successor a register listing all the Owners and their respective holdings of outstanding American Depositary Shares and shall deliver the Deposited Securities to or to the order of its successor. When the Depositary has taken the actions specified in the preceding sentence (i) the successor shall become the Depositary and shall have all the rights and shall assume all the duties of the Depositary under this Deposit Agreement and (ii) the predecessor depositary shall cease to be the Depositary and shall be discharged and released from all obligations under this Deposit Agreement, except for its duties under Section 5.8 with respect to the time before that discharge. A successor Depositary shall notify the Owners of its appointment as soon as practical after assuming the duties of Depositary.

Any corporation or other entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5. The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. The Depositary in its discretion may at any time appoint a substitute or additional custodian or custodians, each of which shall thereafter be one of the Custodians under this Deposit Agreement. If the Depositary receives notice that a Custodian is resigning and, upon the effectiveness of that resignation there would be no Custodian acting under this Deposit Agreement, the Depositary shall, as promptly as practicable after receiving that notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian under this Deposit Agreement. The Depositary shall notify the Company of the appointment of a substitute or additional Custodian as promptly as practicable. The Depositary shall require any Custodian that resigns or is removed to deliver all Deposited Securities held by it to another Custodian.

SECTION 5.6. Notices and Reports.

If the Company takes or decides to take any corporate action of a kind that is addressed in Sections 4.1 to 4.4, or 4.6 to 4.8, or that effects or will effect a change of the name or legal structure of the Company, or that effects or will effect a change to the Shares, the Company shall notify the Depositary and the Custodian of that action or decision as soon as it is lawful and practical to give that notice. The notice shall be in English and shall include all details that the Company is required to include in any notice to any governmental or regulatory authority or securities exchange or is required to make available generally to holders of Shares by publication or otherwise.

The Company will arrange for the translation into English, if not already in English, to the extent required pursuant to any regulations of the Commission, and the prompt transmittal by the Company to the Depositary and the Custodian of all notices and any other reports and communications which are made generally available by the Company to holders of its Shares. If requested in writing by the Company, the Depositary will Disseminate, at the Company's expense, those notices, reports and communications to all Owners or otherwise make them available to Owners in a manner that the Company specifies as substantially equivalent to the manner in which those communications are made available to holders of Shares and compliant with the requirements of any securities exchange on which the American Depositary Shares are listed. The Company will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect that Dissemination.

The Company represents, as of the date of this Deposit Agreement, that the statements in Article 11 of the form of Receipt appearing as Exhibit A to this Deposit Agreement or, if applicable, most recently filed with the Commission pursuant to Rule 424(b) under the Securities Act of 1933 with respect to the Company's obligation to file periodic reports under the United States Securities Exchange Act of 1934, as amended, or its qualification for exemption from registration under that Act pursuant to Rule 12g3-2(b) under that Act, as the case may be, are true and correct. The Company agrees to promptly notify the Depositary upon becoming aware of any change in the truth of any of those statements or if there is any change in the Company's status regarding those reporting obligations or that qualification.

SECTION 5.7. Distribution of Additional Shares, Rights, etc.

If the Company or any affiliate of the Company determines to make any issuance or distribution of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities (each a "Distribution"), the Company shall notify the Depositary in writing in English as promptly as practicable and in any event before the Distribution starts and, if reasonably requested in writing by the Depositary, the Company shall promptly furnish to the Depositary either (i) evidence satisfactory to the Depositary that the Distribution is registered under the Securities Act of 1933 or (ii) a written opinion from U.S. counsel for the Company that is reasonably satisfactory to the Depositary, stating that the Distribution does not require, or, if made in the United States, would not require, registration under the Securities Act of 1933.

The Company agrees with the Depositary that neither the Company nor any company controlled by, controlling or under common control with the Company will at any time deposit any Shares that, at the time of deposit, are Restricted Securities.

SECTION 5.8. Indemnification.

The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and each Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to any documented fees and expenses incurred in seeking, enforcing or collecting such indemnity and the documented and reasonable fees and expenses of counsel) that may arise out of or in connection with (a) any registration with the Commission of American Depositary Shares or Deposited Securities or the offer or sale thereof or (b) acts performed or omitted, pursuant to the provisions of or in connection with this Deposit Agreement and the American Depositary Shares, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates.

The Depositary agrees to indemnify the Company, its directors, employees, agents and affiliates and hold them harmless from any liability or expense that may arise out of acts performed or omitted by the Depositary or any Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

SECTION 5.9. Charges of Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable (including SWIFT) and facsimile transmission fees and expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of $5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2, (6) a fee of $.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to this Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 and Section 4.8, (7) a fee for the distribution of securities pursuant to Section 4.2 or of rights pursuant to Section 4.4 (where the Depositary will not exercise or sell those rights on behalf of Owners), such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities under this Deposit Agreement (for purposes of this item 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) in addition to any fee charged under item 6 above, a fee of $.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in item 9 below, and (9) any other charges payable by the Depositary or the Custodian, any of the Depositary's or Custodian’s agents or the agents of the Depositary's or Custodian’s agents, in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 and shall be payable at the sole discretion of the Depositary by billing those Owners for those charges or by deducting those charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable, or by selling a portion of any securities to be distributed, to Owners that are obligated to pay those fees.

In performing its duties under this Deposit Agreement, the Depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Depositary and that may earn or share fees, spreads or commissions.

The Depositary may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

SECTION 5.10. Retention of Depositary Documents.

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary, unless the Company, at the Company's expense, requests reasonably prior to such destruction that those papers be retained for a longer period or turned over to the Company.

SECTION 5.11. Exclusivity.

Without prejudice to the Company's rights under Section 5.4, the Company agrees not to appoint any other depositary for issuance of depositary shares, depositary receipts or any similar securities or instruments so long as The Bank of New York Mellon is acting as Depositary under this Deposit Agreement.

SECTION 5.12. Information for Regulatory Compliance.

Each of the Company and the Depositary shall provide to the other, as promptly as practicable, information from its records or otherwise available to it that is reasonably requested by the other to permit the other to comply with applicable law or requirements of governmental or regulatory authorities.

ARTICLE 6. AMENDMENT AND TERMINATION

SECTION 6.1. Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or Holders in any respect that they may deem necessary or desirable. Any amendment that would impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses), or that would otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of 30 days after notice of that amendment has been Disseminated to the Owners of outstanding American Depositary Shares. Every Owner and Holder, at the time any amendment so becomes effective, shall be deemed, by continuing to hold American Depositary Shares or any interest therein, to consent and agree to that amendment and to be bound by this Deposit Agreement as amended thereby. Upon the effectiveness of an amendment to the form of Receipt, including a change in the number of Shares represented by each American Depositary Share, the Depositary may call for surrender of Receipts to be replaced with new Receipts in the amended form or call for surrender of American Depositary Shares to effect that change of ratio. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive delivery of the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.2. Termination.

(a) The Company may initiate termination of this Deposit Agreement by notice to the Depositary. The Depositary may initiate termination of this Deposit Agreement if (i) at any time 60 days shall have expired after the Depositary delivered to the Company a written resignation notice and a successor depositary has not been appointed and accepted its appointment as provided in Section 5.4 or (ii) a Termination Option Event has occurred. If termination of this Deposit Agreement is initiated, the Depositary shall Disseminate a notice of termination to the Owners of all American Depositary Shares then outstanding setting a date for termination (the "Termination Date"), which shall be at least 90 days after the date of that notice, and this Deposit Agreement shall terminate on that Termination Date.

(b) After the Termination Date, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9.

(c) At any time after the Termination Date, the Depositary may sell the Deposited Securities then held under this Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that remain outstanding, and those Owners will be general creditors of the Depositary with respect to those net proceeds and that other cash. After making that sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except (i) to account for the net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges) and (ii) for its obligations under Section 5.8 and (iii) to act as provided in paragraph (d) below.

(d) After the Termination Date, the Depositary shall continue to receive dividends and other distributions pertaining to Deposited Securities (that have not been sold), may sell rights and other property as provided in this Deposit Agreement and shall deliver Deposited Securities (or sale proceeds) upon surrender of American Depositary Shares (after payment or upon deduction, in each case, of the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of those American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges). After the Termination Date, the Depositary shall not accept deposits of Shares or deliver American Depositary Shares. After the Termination Date, (i) the Depositary may refuse to accept surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities (that have not been sold) or reverse previously accepted surrenders of that kind that have not settled if in its judgment the requested withdrawal would interfere with its efforts to sell the Deposited Securities, (ii) the Depositary will not be required to deliver cash proceeds of the sale of Deposited Securities until all Deposited Securities have been sold and (iii) the Depositary may discontinue the registration of transfers of American Depositary Shares and suspend the distribution of dividends and other distributions on Deposited Securities to the Owners and need not give any further notices or perform any further acts under this Deposit Agreement except as provided in this Section.

ARTICLE 7. MISCELLANEOUS

SECTION 7.1. Counterparts; Signatures; Delivery; Electronic Records.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of those counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depositary and shall be open to inspection by any Owner or Holder during regular business hours.

This Deposit Agreement may be executed by manual or electronic signatures, including images of manually executed signatures, DocuSign, AdobeSign or a similar agreed-upon electronic signature system, and may be delivered by exchange of copies of this Deposit Agreement by facsimile or email including a pdf or similar bit-mapped image of the signature pages. The parties to this Deposit Agreement represent and agree that if it has been executed or delivered electronically as provided in the preceding sentence or subsequently stored in and retrieved from an electronic record-keeping system, it shall have the same legal effect, validity and enforceability as a manually executed agreement maintained in a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, and that they shall not argue to the contrary.

SECTION 7.2. No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the Company, the Depositary, the Owners and the Holders and their respective successors and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.3. Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in a Receipt should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Deposit Agreement or that Receipt shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4. Owners and Holders as Parties; Binding Effect.

The Owners and Holders from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions of this Deposit Agreement and of the Receipts by acceptance of American Depositary Shares or any interest therein.

SECTION 7.5. Notices.

Any and all notices to be given to the Company shall be in writing and shall be deemed to have been duly given if personally delivered or sent by domestic first class or international air mail or air courier or sent by facsimile transmission or email attaching a pdf or similar bit-mapped image of a signed writing, addressed to XCHG Limited, _____, Attention: _____, or any other place to which the Company may have transferred its principal office with notice to the Depositary.

Any and all notices to be given to the Depositary shall be in writing and shall be deemed to have been duly given if in English and personally delivered or sent by first class domestic or international air mail or air courier or sent by facsimile transmission or email attaching a pdf or similar bit-mapped image of a signed writing, addressed to The Bank of New York Mellon, 240 Greenwich Street, New York, New York 10286, Attention: Depositary Receipt Administration, email: bnymdepositarynotices@bnymellon.com or any other place to which the Depositary may have transferred its Office with notice to the Company.

Delivery of a notice to the Company or Depositary by mail or air courier shall be deemed effected when deposited, postage prepaid, in a post-office letter box or received by an air courier service. Delivery of a notice to the Company or Depositary sent by facsimile transmission or email shall be deemed effected when the recipient acknowledges receipt of that notice.

A notice to be given to an Owner shall be deemed to have been duly given when Disseminated to that Owner. Dissemination in paper form will be effective when personally delivered or sent by first class domestic or international air mail or air courier, addressed to that Owner at the address of that Owner as it appears on the transfer books for American Depositary Shares of the Depositary, or, if that Owner has filed with the Depositary a written request that notices intended for that Owner be mailed to some other address, at the address designated in that request. Dissemination in electronic form will be effective when sent in the manner consented to by the Owner to the electronic address most recently provided by the Owner for that purpose.

SECTION 7.6. Arbitration; Settlement of Disputes.

Any controversy, claim or cause of action brought by any party hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, or the breach hereof or thereof, if so elected by the claimant, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Deposit Agreement.

SECTION 7.7. Appointment of Agent for Service of Process; Submission to Jurisdiction; Jury Trial Waiver.

The Company hereby (i) designates and appoints the person named in Exhibit A to this Deposit Agreement as the Company's authorized agent in the United States upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement (a "Proceeding"), (ii) consents and submits to the jurisdiction of any state or federal court in the State of New York in which any Proceeding may be instituted and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any Proceeding. The Company agrees to deliver to the Depositary, upon the execution and delivery of this Deposit Agreement, a written acceptance by the agent named in Exhibit A to this Deposit Agreement of its appointment as process agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue that designation and appointment in full force and effect, or to appoint and maintain the appointment of another process agent located in the United States as required above, and to deliver to the Depositary a written acceptance by that agent of that appointment, for so long as any American Depositary Shares or Receipts remain outstanding or this Deposit Agreement remains in force. In the event the Company fails to maintain the designation and appointment of a process agent in the United States in full force and effect, the Company hereby waives personal service of process upon it and consents that a service of process in connection with a Proceeding may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under this Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

EACH PARTY TO THIS DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN DEPOSITARY SHARES OR THE RECEIPTS, THIS DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING, WITHOUT LIMITATION, ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND ANY CLAIM BASED ON U.S. FEDERAL SECURITIES LAWS.

No disclaimer of liability under the United States federal securities laws or the rules and regulations thereunder is intended by any provision of this Deposit Agreement, inasmuch as no person is able to effectively waive the duty of any other person to comply with its obligations under those laws, rules and regulations.

SECTION 7.8. Waiver of Immunities.

To the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any duty of performance under this Deposit Agreement, claim, legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any immunity of that kind and consents to relief and enforcement as provided above.

SECTION 7.9. Governing Law.

This Deposit Agreement and the Receipts shall be interpreted in accordance with and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, XCHG Limited and THE BANK OF NEW YORK MELLON have duly executed this Deposit Agreement as of the day and year first set forth above and all Owners and Holders shall become parties hereto upon acceptance by them of American Depositary Shares or any interest therein.

XCHG LIMITED

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Depositary

By: _____
Name:
Title:

EXHIBIT A

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share represents
20 deposited Shares)

THE BANK OF NEW YORK MELLON
AMERICAN DEPOSITARY RECEIPT
FOR CLASS A ORDINARY SHARES OF
XCHG LIMITED (INCORPORATED UNDER THE LAWS OF THE CAYMAN ISLANDS)

The Bank of New York Mellon, as depositary (hereinafter called the "Depositary"), hereby certifies that_____, or registered assigns IS THE OWNER OF _____

AMERICAN DEPOSITARY SHARES

representing deposited Class A ordinary shares (herein called "Shares") of XCHG Limited, incorporated under the laws of the Cayman Islands (herein called the "Company"). At the date hereof, each American Depositary Share represents 20 Shares deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) with a custodian for the Depositary (herein called the "Custodian") that, as of the date of the Deposit Agreement, was The Hongkong and Shanghai Banking Corporation Limited located in the Cayman Islands. The Depositary's Office and its principal executive office are located at 240 Greenwich Street, New York, N.Y. 10286.

THE DEPOSITARY'S OFFICE ADDRESS IS
240 GREENWICH STREET, NEW YORK, N.Y. 10286

1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement dated as of _____, 2024 (herein called the "Deposit Agreement") among the Company, the Depositary, and all Owners and Holders from time to time of American Depositary Shares issued thereunder, each of whom by accepting American Depositary Shares agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and Holders and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of those Shares and held thereunder (those Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF AMERICAN DEPOSITARY SHARES AND WITHDRAWAL OF SHARES.

Upon surrender of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby and payment of the fee of the Depositary for the surrender of American Depositary Shares as provided in Section 5.9 of the Deposit Agreement and payment of all taxes and governmental charges payable in connection with that surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of the Deposit Agreement, the Owner of those American Depositary Shares shall be entitled to delivery (to the extent delivery can then be lawfully and practicably made), to or as instructed by that Owner, of the amount of Deposited Securities at the time represented by those American Depositary Shares, but not any money or other property as to which a record date for distribution to Owners has passed (since money or other property of that kind will be delivered or paid on the scheduled payment date to the Owner as of that record date), and except that the Depositary shall not be required to accept surrender of American Depositary Shares for the purpose of withdrawal to the extent it would require delivery of a fraction of a Deposited Security. The Depositary shall direct the Custodian with respect to delivery of Deposited Securities and may charge the surrendering Owner a fee and its expenses for giving that direction by cable (including SWIFT) or facsimile transmission. The Company agrees not to prevent, hinder or unreasonably delay any lawful delivery or registration of transfer of Deposited Securities upon surrender of American Depositary Shares for the purpose of withdrawal. If Deposited Securities are delivered physically upon surrender of American Depositary Shares for the purpose of withdrawal, that delivery will be made at the Custodian's office, except that, at the request, risk and expense of the surrendering Owner, and for the account of that Owner, the Depositary shall direct the Custodian to forward any cash or other property comprising, and forward a certificate or certificates, if applicable, and other proper documents of title, if any, for, the Deposited Securities represented by the surrendered American Depositary Shares to the Depositary for delivery at the Depositary's Office or to another address specified in the order received from the surrendering Owner.

3. REGISTRATION OF TRANSFER OF AMERICAN DEPOSITARY SHARES; COMBINATION AND SPLIT-UP OF RECEIPTS; INTERCHANGE OF CERTIFICATED AND UNCERTIFICATED AMERICAN DEPOSITARY SHARES.

The Depositary, subject to the terms and conditions of the Deposit Agreement, shall register a transfer of American Depositary Shares on its transfer books upon (i) in the case of certificated American Depositary Shares, surrender of the Receipt evidencing those American Depositary Shares, by the Owner or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer or (ii) in the case of uncertificated American Depositary Shares, receipt from the Owner of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9 of that Agreement), and, in either case, duly stamped as may be required by the laws of the State of New York and of the United States of America. Upon registration of a transfer, the Depositary shall deliver the transferred American Depositary Shares to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of the Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel the Receipt evidencing those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the owner of the same number of uncertificated American Depositary Shares. The Depositary, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9 of the Deposit Agreement) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and register and deliver to the Owner a Receipt evidencing the same number of certificated American Depositary Shares.

As a condition precedent to the delivery, registration of transfer, or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of the Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in the Deposit Agreement, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement.

The Depositary may refuse to accept deposits of Shares for delivery of American Depositary Shares or to register transfers of American Depositary Shares in particular instances, or may suspend deposits of Shares or registration of transfer generally, whenever it or the Company considers it necessary or advisable to do so. The Depositary may refuse surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities in particular instances, or may suspend surrenders for the purpose of withdrawal generally, but, notwithstanding anything to the contrary in the Deposit Agreement, only for (i) temporary delays caused by closing of the Depositary's register or the register of holders of Shares maintained by the Company or the Foreign Registrar, or the deposit of Shares, in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities or (iv) any other reason that, at the time, is permitted under paragraph I(A)(1) of the General Instructions to Form F-6 under the Securities Act of 1933 or any successor to that provision.

The Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares that, at the time of deposit, are Restricted Securities.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to or in connection with any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares or in connection with a transaction to which Section 4.8 of the Deposit Agreement applies, that tax or other governmental charge shall be payable by the Owner of those American Depositary Shares to the Depositary. The Depositary may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until that payment is made, and may withhold any dividends or other distributions or the proceeds thereof, or may sell for the account of the Owner any part or all of the Deposited Securities represented by those American Depositary Shares, and may apply those dividends or other distributions or the net proceeds of any sale of that kind in payment of that tax or other governmental charge but, even after a sale of that kind, the Owner shall remain liable for any deficiency. The Depositary shall distribute any net proceeds of a sale made under Section 3.2 of the Deposit Agreement that are not used to pay taxes or governmental charges to the Owners entitled to them in accordance with Section 4.1 of the Deposit Agreement. If the number of Shares represented by each American Depositary Share decreases as a result of a sale of Deposited Securities under Section 3.2 of the Deposit Agreement, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

5. WARRANTIES ON DEPOSIT OF SHARES.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that those Shares and each certificate therefor, if applicable, are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive or similar rights of the holders of outstanding securities of the Company and that the person making that deposit is duly authorized so to do. Every depositing person shall also be deemed to represent that the Shares, at the time of deposit, are not Restricted Securities. All representations and warranties deemed made under Section 3.3 of the Deposit Agreement shall survive the deposit of Shares and delivery of American Depositary Shares.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper or as the Company may reasonably require by written request to the Depositary. The Depositary may withhold the delivery or registration of transfer of any American Depositary Shares, the distribution of any dividend or other distribution or of the proceeds thereof or the delivery of any Deposited Securities until that proof or other information is filed or those certificates are executed or those representations and warranties are made. As conditions of accepting Shares for deposit, the Depositary may require (i) any certification required by the Depositary or the Custodian in accordance with the provisions of the Deposit Agreement, (ii) a written order directing the Depositary to deliver to, or upon the written order of, the person or persons stated in that order, the number of American Depositary Shares representing those Deposited Shares, (iii) evidence satisfactory to the Depositary that those Shares have been re-registered in the books of the Company or the Foreign Registrar in the name of the Depositary, a Custodian or a nominee of the Depositary or a Custodian, (iv) evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in each applicable jurisdiction and (v) an agreement or assignment, or other instrument satisfactory to the Depositary, that provides for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property, that any person in whose name those Shares are or have been recorded may thereafter receive upon or in respect of those Shares, or, in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary. The Depositary shall refuse, and shall instruct the Custodian to refuse, to accept Shares for deposit if the Depositary has received a notice from the Company that the Company has restricted transfer of those Shares under the Company's articles of association or any applicable laws or that the deposit would result in any violation of the Company's articles of association or any applicable laws. The Depositary shall provide the Company, upon the Company's written request and at the Company's expense, as promptly as practicable, with copies of any information or other materials which the Depositary receives pursuant to Section 3.4 of the Deposit Agreement, to the extent that the requested disclosure is permitted under applicable law.

7. CHARGES OF DEPOSITARY.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable (including SWIFT) and facsimile transmission fees and expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of $5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) a fee of $.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 and 4.8 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement or of rights pursuant to Section 4.4 of that Agreement (where the Depositary will not exercise or sell those rights on behalf of Owners), such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities under the Deposit Agreement (for purposes of this item 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) in addition to any fee charged under item 6, a fee of $.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in item 9 below, and (9) any other charges payable by the Depositary or the Custodian, any of the Depositary's or Custodian’s agents or the agents of the Depositary's or Custodian’s agents, in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing those Owners for those charges or by deducting those charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable, or by selling a portion of any securities to be distributed, to Owners that are obligated to pay those fees.

The Depositary may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

From time to time, the Depositary may make payments to the Company to reimburse the Company for costs and expenses generally arising out of establishment and maintenance of the American Depositary Shares program, waive fees and expenses for services provided by the Depositary or share revenue from the fees collected from Owners or Holders. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Depositary and that may earn or share fees, spreads or commissions.

8. DISCLOSURE OF INTERESTS.

When required in order to comply with applicable laws and regulations or the articles of association or similar document of the Company, the Company may from time to time request each Owner and Holder to provide to the Depositary information relating to: (a) the capacity in which it holds American Depositary Shares, (b) the identity of any Holders or other persons or entities then or previously interested in those American Depositary Shares and the nature of those interests and (c) any other matter where disclosure of such matter is required for that compliance. Each Owner and Holder agrees to provide all information known to it in response to a request made pursuant to Section 3.4 of the Deposit Agreement. Each Holder consents to the disclosure by the Depositary and the Owner or other Holder through which it holds American Depositary Shares, directly or indirectly, of all information responsive to a request made pursuant to that Section relating to that Holder that is known to that Owner or other Holder.

9. TITLE TO AMERICAN DEPOSITARY SHARES.

It is a condition of the American Depositary Shares, and every successive Owner and Holder of American Depositary Shares, by accepting or holding the same, consents and agrees that American Depositary Shares evidenced by a Receipt, when the Receipt is properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York, and that American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any Holder of American Depositary Shares, but only to the Owner.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or the Registrar or a co-registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Those reports will be available for inspection and copying through the Commission's EDGAR system or at public reference facilities maintained by the Commission in Washington, D.C.

The Depositary will make available for inspection by Owners at its Office any reports, notices and other communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of those Deposited Securities by the Company. The Company shall furnish reports and communications, including any proxy soliciting material to which Section 4.9 of the Deposit Agreement applies, to the Depositary in English, to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will maintain a register of American Depositary Shares and transfers of American Depositary Shares, which shall be open for inspection by the Owners at the Depositary's Office during regular business hours, but only for the purpose of communicating with Owners regarding the business of the Company or a matter related to the Deposit Agreement or the American Depositary Shares.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary receives any cash dividend or other cash distribution on Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into Dollars transferable to the United States, and subject to the Deposit Agreement, convert that dividend or other cash distribution into Dollars and distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners entitled thereto; provided, however, that if the Custodian or the Depositary is required to withhold and does withhold from that cash dividend or other cash distribution an amount on account of taxes or other governmental charges, the amount distributed to the Owners of the American Depositary Shares representing those Deposited Securities shall be reduced accordingly.

If a cash distribution would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that cash distribution; or

(ii) sell all Deposited Securities other than the subject cash distribution and add any net cash proceeds of that sale to the cash distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that cash distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement on Deposited Securities (but not in exchange for or in conversion or in lieu of Deposited Securities), the Depositary will cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary and any taxes or other governmental charges, in any manner that the Depositary deems equitable and practicable for accomplishing that distribution (which may be a distribution of depositary shares representing the securities received); provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason the Depositary deems such distribution not to be lawful and feasible, the Depositary may adopt such other method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and distribution of the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners entitled thereto all in the manner and subject to the conditions set forth in Section 4.1 of the Deposit Agreement. The Depositary may withhold any distribution of securities under Section 4.2 of the Deposit Agreement if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Article that is sufficient to pay its fees and expenses in respect of that distribution.

If a distribution to be made under Section 4.2 of the Deposit Agreement would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that distribution; or

(ii) sell all Deposited Securities other than the subject distribution and add any net cash proceeds of that sale to the distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

Whenever the Depositary receives any distribution consisting of a dividend in, or free distribution of, Shares, the Depositary may deliver to the Owners entitled thereto, an aggregate number of American Depositary Shares representing the amount of Shares received as that dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of Shares received (or American Depositary Shares representing those Shares) sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering fractional American Depositary Shares, the Depositary may sell the amount of Shares represented by the aggregate of those fractions (or American Depositary Shares representing those Shares) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. If and to the extent that additional American Depositary Shares are not delivered and Shares or American Depositary Shares are not sold, each American Depositary Share shall thenceforth also represent the additional Shares distributed on the Deposited Securities represented thereby.

If the Company declares a distribution in which holders of Deposited Securities have a right to elect whether to receive cash, Shares or other securities or a combination of those things, or a right to elect to have a distribution sold on their behalf, the Depositary may, after consultation with the Company, make that right of election available for exercise by Owners in any manner the Depositary considers to be lawful and practical. As a condition of making a distribution election right available to Owners, the Depositary may require satisfactory assurances from the Company that doing so does not require registration of any securities under the Securities Act of 1933 that has not been effected.

If the Depositary determines that any distribution received or to be made by the Depositary (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge that the Depositary is obligated to withhold, the Depositary may sell, by public or private sale, all or a portion of the distributed property (including Shares and rights to subscribe therefor) in the amounts and manner the Depositary deems necessary and practicable to pay those taxes or charges, and the Depositary shall distribute the net proceeds of that sale, after deduction of those taxes or charges, to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

Each Owner and Holder agrees to indemnify the Company, the Depositary, the Custodian and their respective directors, employees, agents and affiliates for, and hold each of them harmless against, any claim by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced withholding at source or other tax benefit received by it. Services for Owners and Holders that may permit them to obtain reduced rates of tax withholding at source or reclaim excess tax withheld, and the fees and costs associated with using services of that kind, are not provided under, and are outside the scope of, the Deposit Agreement.

13. RIGHTS.

(a) If rights are granted to the Depositary in respect of deposited Shares to purchase additional Shares or other securities, the Company and the Depositary shall endeavor to consult as to the actions, if any, the Depositary should take in connection with that grant of rights. The Depositary may, to the extent deemed by it to be lawful and practical (i) if requested in writing by the Company, grant to all or certain Owners rights to instruct the Depositary to purchase the securities to which the rights relate and deliver those securities or American Depositary Shares representing those securities to Owners, (ii) if requested in writing by the Company, deliver the rights to or to the order of certain Owners, or (iii) sell the rights to the extent practicable and distribute the net proceeds of that sale to Owners entitled to those proceeds. To the extent rights are not exercised, delivered or disposed of under (i), (ii) or (iii) above, the Depositary shall permit the rights to lapse unexercised.

(b) If the Depositary will act under (a)(i) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon instruction from an applicable Owner in the form the Depositary specified and upon payment by that Owner to the Depositary of an amount equal to the purchase price of the securities to be received upon the exercise of the rights, the Depositary shall, on behalf of that Owner, exercise the rights and purchase the securities. The purchased securities shall be delivered to, or as instructed by, the Depositary. The Depositary shall (i) deposit the purchased Shares under the Deposit Agreement and deliver American Depositary Shares representing those Shares to that Owner or (ii) deliver or cause the purchased Shares or other securities to be delivered to or to the order of that Owner. The Depositary will not act under (a)(i) above unless the offer and sale of the securities to which the rights relate are registered under the Securities Act of 1933 or the Depositary has received an opinion of United States counsel that is satisfactory to it to the effect that those securities may be sold and delivered to the applicable Owners without registration under the Securities Act of 1933.

(c) If the Depositary will act under (a)(ii) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon (i) the request of an applicable Owner to deliver the rights allocable to the American Depositary Shares of that Owner to an account specified by that Owner to which the rights can be delivered and (ii) receipt of such documents as the Company and the Depositary agreed to require to comply with applicable law, the Depositary will deliver those rights as requested by that Owner.

(d) If the Depositary will act under (a)(iii) above, the Depositary will use reasonable efforts to sell the rights in proportion to the number of American Depositary Shares held by the applicable Owners and pay the net proceeds to the Owners otherwise entitled to the rights that were sold, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

(e) Payment or deduction of the fees of the Depositary as provided in Section 5.9 of the Deposit Agreement and payment or deduction of the expenses of the Depositary and any applicable taxes or other governmental charges shall be conditions of any delivery of securities or payment of cash proceeds under Section 4.4 of the Deposit Agreement.

(f) The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make rights available to or exercise rights on behalf of Owners in general or any Owner in particular , or to sell rights.

14. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary or the Custodian receives foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary or one of its agents or affiliates or the Custodian shall convert or cause to be converted by sale or in any other manner that it may determine that foreign currency into Dollars, and those Dollars shall be distributed to the Owners entitled thereto. A cash distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners based on exchange restrictions, the date of delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If a conversion of foreign currency or the repatriation or distribution of Dollars can be effected only with the approval or license of any government or agency thereof, the Depositary may, but will not be required to, file an application for that approval or license.

If the Depositary determines that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof that is required for such conversion is not filed or sought by the Depositary or is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make that conversion and distribution in Dollars to the extent practicable and permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold that balance uninvested and without liability for interest thereon for the account of, the Owners entitled thereto.

The Depositary may convert currency itself or through any of its affiliates, or the Custodian or the Company may convert currency and pay Dollars to the Depositary. Where the Depositary converts currency itself or through any of its affiliates, the Depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the Deposit Agreement and the rate that the Depositary or its affiliate receives when buying or selling foreign currency for its own account. The Depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the Deposit Agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to Owners, subject to the Depositary's obligations under Section 5.3 of that Agreement. The methodology used to determine exchange rates used in currency conversions made by the Depositary is available upon request. Where the Custodian converts currency, the Custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to Owners, and the Depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the Depositary may receive dividends or other distributions from the Company in Dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by or on behalf of the Company and, in such cases, the Depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor the Company makes any representation that the rate obtained or determined by the Company is the most favorable rate and neither it nor the Company will be liable for any direct or indirect losses associated with the rate.

15. RECORD DATES.

Whenever a cash dividend, cash distribution or any other distribution is made on Deposited Securities or rights to purchase Shares or other securities are issued with respect to Deposited Securities (which rights will be delivered to or exercised or sold on behalf of Owners in accordance with Section 4.4 of the Deposit Agreement) or the Depositary receives notice that a distribution or issuance of that kind will be made, or whenever the Depositary receives notice that a meeting of holders of Shares will be held in respect of which the Company has requested the Depositary to send a notice under Section 4.7 of the Deposit Agreement, or whenever the Depositary will assess a fee or charge against the Owners, or whenever the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary otherwise finds it necessary or convenient, the Depositary shall fix a record date, which shall be the same as, or as near as practicable to, any corresponding record date set by the Company with respect to Shares, (a) for the determination of the Owners (i) who shall be entitled to receive the benefit of that dividend or other distribution or those rights, (ii) who shall be entitled to give instructions for the exercise of voting rights at that meeting, (iii) who shall be responsible for that fee or charge or (iv) for any other purpose for which the record date was set, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 of the Deposit Agreement and to the other terms and conditions of the Deposit Agreement, the Owners on a record date fixed by the Depositary shall be entitled to receive the amount distributable by the Depositary with respect to that dividend or other distribution or those rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively, to give voting instructions or to act in respect of the other matter for which that record date was fixed, or be responsible for that fee or charge, as the case may be.

16. VOTING OF DEPOSITED SHARES.

(a) Upon receipt of notice of any meeting of holders of Shares at which holders of Shares will be entitled to vote, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, Disseminate to the Owners a notice, the form of which shall be in the sole discretion of the Depositary, that shall contain (i) the information contained in the notice of meeting received by the Depositary, (ii) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Cayman Islands law and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Shares represented by their respective American Depositary Shares, (iii) a statement as to the manner in which those instructions may be given and (iv) the last date on which the Depositary will accept instructions (the "Instruction Cutoff Date").

(b) Upon the written request of an Owner of American Depositary Shares, as of the date of the request or, if a record date was specified by the Depositary, as of that record date, received on or before any Instruction Cutoff Date established by the Depositary, the Depositary may, and if the Depositary sent a notice under the preceding paragraph shall, endeavor, in so far as practicable, to vote or cause to be voted the amount of deposited Shares represented by those American Depositary Shares in accordance with the instructions set forth in that request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the deposited Shares other than in accordance with instructions given by Owners and received by the Depositary or as provided in the following sentence. If

(i) the Company instructed the Depositary to Disseminate a notice under paragraph (a) above and complied with the paragraph (d) below,

(ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the Instruction Cutoff Date and

(iii) the Depositary has received from the Company, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) the Company wishes a proxy to be given under this sentence, (y) the Company reasonably does not know of any substantial opposition to the matters and (z) the matters are not materially adverse to the interests of shareholders,

then, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of deposited Shares represented by that amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of deposited Shares as to that matter..

(c) There can be no assurance that Owners generally or any Owner in particular will receive the notice described in paragraph (a) above in time to enable Owners to give instructions to the Depositary prior to the Instruction Cutoff Date.

(d) In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Shares, if the Company will request the Depositary to Disseminate a notice under paragraph (a) above, the Company shall give the Depositary notice of the meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Shares in connection with the meeting not less than 30 days prior to the meeting date.

17. TENDER AND EXCHANGE OFFERS; REDEMPTION, REPLACEMENT OR CANCELLATION OF DEPOSITED SECURITIES.

(a) The Depositary shall not tender any Deposited Securities in response to any voluntary cash tender offer, exchange offer or similar offer made to holders of Deposited Securities (a "Voluntary Offer"), except when instructed in writing to do so by an Owner surrendering American Depositary Shares and subject to any conditions or procedures the Depositary may require.

(b) If the Depositary receives a written notice that Deposited Securities have been redeemed for cash or otherwise purchased for cash in a transaction that is mandatory and binding on the Depositary as a holder of those Deposited Securities (a "Redemption"), the Depositary, at the expense of the Company, shall (i) if required, surrender Deposited Securities that have been redeemed to the issuer of those securities or its agent on the redemption date, (ii) Disseminate a notice to Owners (A) notifying them of that Redemption, (B) calling for surrender of a corresponding number of American Depositary Shares and (C) notifying them that the called American Depositary Shares have been converted into a right only to receive the money received by the Depositary upon that Redemption and those net proceeds shall be the Deposited Securities to which Owners of those converted American Depositary Shares shall be entitled upon surrenders of those American Depositary Shares in accordance with Section 2.5 or 6.2 of the Deposit Agreement and (iii) distribute the money received upon that Redemption to the Owners entitled to it upon surrender by them of called American Depositary Shares in accordance with Section 2.5 of that Agreement (and, for the avoidance of doubt, Owners shall not be entitled to receive that money under Section 4.1 of that Agreement). If the Redemption affects less than all the Deposited Securities, the Depositary shall call for surrender a corresponding portion of the outstanding American Depositary Shares and only those American Depositary Shares will automatically be converted into a right to receive the net proceeds of the Redemption. The Depositary shall allocate the American Depositary Shares converted under the preceding sentence among the Owners pro-rata to their respective holdings of American Depositary Shares immediately prior to the Redemption, except that the allocations may be adjusted so that no fraction of a converted American Depositary Share is allocated to any Owner. A Redemption of all or substantially all of the Deposited Securities shall be a Termination Option Event.

(c) If the Depositary is notified of or there occurs any change in nominal value or any subdivision, combination or any other reclassification of the Deposited Securities or any recapitalization, reorganization, sale of assets substantially as an entirety, merger or consolidation affecting the issuer of the Deposited Securities or to which it is a party that is mandatory and binding on the Depositary as a holder of Deposited Securities and, as a result, securities or other property have been or will be delivered in exchange, conversion, replacement or in lieu of, Deposited Securities (a "Replacement"), the Depositary shall, if required, surrender the old Deposited Securities affected by that Replacement of Shares and hold, as new Deposited Securities under the Deposit Agreement, the new securities or other property delivered to it in that Replacement. However, the Depositary may elect to sell those new Deposited Securities if in the opinion of the Depositary it is not lawful or not practical for it to hold those new Deposited Securities under the Deposit Agreement because those new Deposited Securities may not be distributed to Owners without registration under the Securities Act of 1933 or for any other reason, at public or private sale, at such places and on such terms as it deems proper and proceed as if those new Deposited Securities had been Redeemed under paragraph (b) above. A Replacement shall be a Termination Option Event.

(d) In the case of a Replacement where the new Deposited Securities will continue to be held under the Deposit Agreement, the Depositary may call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing the new Deposited Securities and the number of those new Deposited Securities represented by each American Depositary Share. If the number of Shares represented by each American Depositary Share decreases as a result of a Replacement, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

(e) If there are no Deposited Securities with respect to American Depositary Shares, including if the Deposited Securities are cancelled, or the Deposited Securities with respect to American Depositary Shares have become apparently worthless, the Depositary may call for surrender of those American Depositary Shares or may cancel those American Depositary Shares, upon notice to Owners, and that condition shall be a Termination Option Event.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or Holder:

(i) if by reason of (A) any provision of any present or future law or regulation or other act or action of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange; (B) (in the case of the Depositary only) any provision, present or future, of the articles of association or similar document of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depositary or the Company, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labor disputes, criminal acts or outbreaks of infectious disease; interruptions or malfunctions of utility services, Internet or other communications lines or systems; unauthorized access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the Depositary or the Company is, directly or indirectly, prevented from, forbidden to or delayed in, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing that, by the terms of the Deposit Agreement or the Deposited Securities, it is provided shall be done or performed;

(ii) for any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement (including any determination by the Depositary or the Company to take, or not take, any action that the Deposit Agreement provides the Depositary or the Company, as the case may be, may take);

(iii) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or Holders; or

(iv) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement.

Where, by the terms of a distribution to which Section 4.1, 4.2 or 4.3 of the Deposit Agreement applies, or an offering to which Section 4.4 of that Agreement applies, or for any other reason, that distribution or offering may not be made available to Owners, and the Depositary may not dispose of that distribution or offering on behalf of Owners and make the net proceeds available to Owners, then the Depositary shall not make that distribution or offering available to Owners, and shall allow any rights, if applicable, to lapse.

Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or Holders, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be a fiduciary or have any fiduciary duty to Owners or Holders. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares, on behalf of any Owner or Holder or other person. Neither the Depositary nor the Company shall be liable for any action or non-action by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or Holder, or any other person believed by it in good faith to be competent to give such advice or information. Each of the Depositary and the Company may rely, and shall be protected in relying upon, any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of American Depositary Shares or Deposited Securities or otherwise. In the absence of bad faith on its part, the Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities or for the manner in which any such vote is cast or the effect of any such vote. The Depositary shall have no duty to make any determination or provide any information as to the tax status of the Company. Neither the Depositary nor the Company shall have any liability for any tax consequences that may be incurred by Owners or Holders as a result of owning or holding American Depositary Shares. Neither the Depositary nor the Company shall be liable for the inability or failure of an Owner or Holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

19. RESIGNATION AND REMOVAL OF THE DEPOSITARY; APPOINTMENT OF SUCCESSOR CUSTODIAN.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, to become effective upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by 90 days' prior written notice of that removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of its appointment as provided in the Deposit Agreement. The Depositary in its discretion may at any time appoint a substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or Holders in any respect which they may deem necessary or desirable. Any amendment that would impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses), or that would otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of 30 days after notice of that amendment has been Disseminated to the Owners of outstanding American Depositary Shares. Every Owner and Holder, at the time any amendment so becomes effective, shall be deemed, by continuing to hold American Depositary Shares or any interest therein, to consent and agree to that amendment and to be bound by the Deposit Agreement as amended thereby. Upon the effectiveness of an amendment to the form of Receipt, including a change in the number of Shares represented by each American Depositary Share, the Depositary may call for surrender of Receipts to be replaced with new Receipts in the amended form or call for surrender of American Depositary Shares to effect that change of ratio. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive delivery of the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

(a) The Company may initiate termination of the Deposit Agreement by notice to the Depositary. The Depositary may initiate termination of the Deposit Agreement if (i) at any time 60 days shall have expired after the Depositary delivered to the Company a written resignation notice and a successor depositary has not been appointed and accepted its appointment as provided in Section 5.4 of that Agreement or (ii) a Termination Option Event has occurred. If termination of the Deposit Agreement is initiated, the Depositary shall Disseminate a notice of termination to the Owners of all American Depositary Shares then outstanding setting a date for termination (the "Termination Date"), which shall be at least 90 days after the date of that notice, and the Deposit Agreement shall terminate on that Termination Date.

(b) After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 of that Agreement.

(c) At any time after the Termination Date, the Depositary may sell the Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that remain outstanding, and those Owners will be general creditors of the Depositary with respect to those net proceeds and that other cash. After making that sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except (i) to account for the net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges), (ii) for its obligations under Section 5.8 of that Agreement and (iii) to act as provided in paragraph (d) below.

(d) After the Termination Date, the Depositary shall continue to receive dividends and other distributions pertaining to Deposited Securities (that have not been sold), may sell rights and other property as provided in the Deposit Agreement and shall deliver Deposited Securities (or sale proceeds) upon surrender of American Depositary Shares (after payment or upon deduction, in each case, of the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of those American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges). After the Termination Date, the Depositary shall not accept deposits of Shares or deliver American Depositary Shares. After the Termination Date, (i) the Depositary may refuse to accept surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities (that have not been sold) or reverse previously accepted surrenders of that kind that have not settled if in its judgment the requested withdrawal would interfere with its efforts to sell the Deposited Securities, (ii) the Depositary will not be required to deliver cash proceeds of the sale of Deposited Securities until all Deposited Securities have been sold and (iii) the Depositary may discontinue the registration of transfers of American Depositary Shares and suspend the distribution of dividends and other distributions on Deposited Securities to the Owners and need not give any further notices or perform any further acts under the Deposit Agreement except as provided in Section 6.2 of that Agreement.

22. DTC DIRECT REGISTRATION SYSTEM AND PROFILE MODIFICATION SYSTEM.

(a) Notwithstanding the provisions of Section 2.4 of the Deposit Agreement, the parties acknowledge that DTC's Direct Registration System ("DRS") and Profile Modification System ("Profile") apply to the American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC that facilitates interchange between registered holding of uncertificated securities and holding of security entitlements in those securities through DTC and a DTC participant. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of an Owner of American Depositary Shares, to direct the Depositary to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the Owner to register that transfer.

(b) In connection with DRS/Profile, the parties acknowledge that the Depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an Owner in requesting registration of transfer and delivery as described in paragraph (a) above has the actual authority to act on behalf of that Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 of the Deposit Agreement apply to the matters arising from the use of the DRS/Profile. The parties agree that the Depositary's reliance on and compliance with instructions received by the Depositary through the DRS/Profile system and otherwise in accordance with the Deposit Agreement, shall not constitute negligence or bad faith on the part of the Depositary.

23. ARBITRATION; SETTLEMENT OF DISPUTES.

Any controversy, claim or cause of action brought by any party to the Deposit Agreement and hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, or the breach hereof or thereof, if so elected by the claimant, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Deposit Agreement.

24. APPOINTMENT OF AGENT FOR SERVICE OF PROCESS; SUBMISSION TO JURISDICTION; JURY TRIAL WAIVER; WAIVER OF IMMUNITIES.

The Company has (i) appointed Cogency Global Inc., 122 E. 42nd Street, 18th Floor, New York, New York 10168 as the Company's authorized agent in the United States upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, (ii) consented and submitted to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding.

EACH PARTY TO THE DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) THEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN DEPOSITARY SHARES OR THE RECEIPTS, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING, WITHOUT LIMITATION, ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND ANY CLAIM BASED ON U.S. FEDERAL SECURITIES LAWS.

No disclaimer of liability under the United States federal securities laws or the rules and regulations thereunder is intended by any provision of the Deposit Agreement, inasmuch as no person is able to effectively waive the duty of any other person to comply with its obligations under those laws, rules and regulations.

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any duty of performance under the Deposit Agreement, claim, legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Exhibit 10.4

FORM OF EMPLOYMENT AGREEMENT

This Employment Agreement (the "**Agreement**"), dated as of **[MONTH DATE], [YEAR]** (the "**Effective Date**"), is entered between XCHG Limited, a company incorporated in the Cayman Islands (the "**Company**") and **[NAME]** (the "**Executive**").

WHEREAS, the Company and the Executive wish to enter into an employment agreement whereby the Executive will be employed by the Company in accordance with the terms and conditions stated below;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE 1
EMPLOYMENT, DUTIES AND RESPONSIBILITIES

Section 1.01. *Employment.* The Executive shall serve as the **[TITLE]** of the Company. The Executive hereby accepts such employment and agrees to devote substantially all of the Executive's time and efforts to promoting the interests of the Company.

Section 1.02. *Duties and Responsibilities.* Subject to the supervision of and direction by the Board of Directors of the Company, the Executive shall perform such duties as are similar in nature to those duties and services customarily associated with the positions set forth above.

Section 1.03. *Base of Operation.* The Executive's principal base of operation for the performance of his duties and responsibilities under this Agreement shall be any offices of the Company as shall from time to time be reasonably necessary to fulfill the Executive's obligations hereunder.

ARTICLE 2
TERM

Section 2.01. *Term.* (a) The term of this Agreement (the "**Term**") shall be specified in a separate agreement between the Executive and the Company's designated subsidiary or affiliate entity (the "**Subsidiary Agreement**"). The Term and this Agreement will be renewed automatically thereafter for successive one-year terms unless a one-month notice of non-renewal is given by one party to the other.

(b) The Executive represents and warrants to the Company that neither the execution and delivery of this Agreement nor the performance of the Executive's duties hereunder violates or will violate the provisions of any other agreement to which the Executive is a party or by which the Executive is bound.

(c) If the Subsidiary Agreement is terminated pursuant to the terms therein, the employment between the Executive and the Company pursuant to this Agreement shall also be terminated unless mutually agreed by both parties.

ARTICLE 3
COMPENSATION AND EXPENSES

Section 3.01. *Salary And Benefits.* The Executive's salary and benefits shall be determined by the Company and shall be specified in the Subsidiary Agreement. Unless otherwise provided in such separate agreement, the Executive's salary and benefits are subject to annual review and adjustment by the Company.

Section 3.02 *Expenses.* The Company will reimburse the Executive for reasonable documented business-related expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder during the Term, subject, however, to the Company's policies relating to business-related expenses as in effect from time to time during the Term.

Section 3.03. *Share Incentive Plan.* The Executive shall be entitled to participate during the Term in the 2023 Share Incentive Plan of the Company, and any successors thereto, subject to the terms and provisions of such plans and the execution of the award agreements between the Company and the Executive.

Section 3.04 *Payer of Compensation.* All compensation, salary, benefits and remuneration in this Agreement may be paid by the Company or any of its subsidiaries or affiliated entities, as decided by the Company in its sole discretion.

ARTICLE 4
EXCLUSIVITY, ETC.

Section 4.01. *Exclusivity.* The Executive agrees to perform his duties, responsibilities and obligations hereunder efficiently and to the best of his ability. The Executive agrees to devote substantially all of his working time, care and attention and best efforts to such duties, responsibilities and obligations throughout the Term. The Executive agrees that all of his activities as an employee of the Company shall be in conformity with all present and future policies, rules and regulations and directions of the Company not inconsistent with this Agreement.

Section 4.02. *Intellectual Property.* The Executive agrees that Intellectual Property under this Agreement is the sole and exclusive property of the Company and further agrees to assign to the Company the ownership of all right, title and interest in Intellectual Property, including any Intellectual Property conceived, created, and otherwise obtained by the Executive (i) during the term of this Agreement relating to the work he performs within the scope of such Executive's employment with the Company, (ii) within twelve (12) months after the Executive retires or ends employment with the Company under the circumstances that such Intellectual Property relates to such Executive's employment scope with the Company, and (iii) by using the resources of the Company during the term of this Agreement. During the Executive's employment with the Company and within twelve (12) months after his employment with the Company terminates, the Executive has the obligation to inform the Company of any Intellectual Property within ten days of its creation and the Executive has the obligation to assist the Company in its patent, copyright or trademark application related to the Intellectual Property.

"Intellectual Property" under this Section 4.02 means any and all intellectual property in any form or stage of development, including but not limited to any idea, concept, design, invention, method, process, system, model, software, know-how and any other subject matter, material or information that qualifies and/or is considered by the Company to qualify for patent, copyright, trademark, trade secret, or any other protection under the laws of PRC, the United States or Cayman Islands providing or creating intellectual property rights.

Section 4.03. *Non-Competition and Confidentiality.*

(a) Non-compete. During the Executive's employment with the Company and for twenty-four (24) months after his employment with the Company terminates for any reason, the Executive will not (i) directly or indirectly engage in (whether as an officer, principal, agent, director, employee, partner, affiliate, consultant or other participant), or hold an equity interest of 5% or more in, any business or activity that is in competition with the Company, its subsidiaries or affiliated entities (the "**Group**"), (ii) solicit, encourage or assist other employees of the Company to seek employment with any business or organization in competition with the Group, or (iii) engage in other activities that may cause conflicts with the interests of the Company during the term of the employment agreement.

(b) Confidentiality. Throughout the course of the Executive's employment with the Company and thereafter, the Executive shall keep in strict confidence and not to use all non-public information relating to the business, financial condition and other aspects of the Company, including but not limited to trade secrets, business methods, products, processes, procedures, development or experimental projects, plans, service providers, customers and users, intellectual property, information technology and any other information which is material to the Company's business operations, and except as authorized by the Company in writing, may not disclose or provide to any person, firm, corporation or entity such non-public information, and may not use such non-public information for any purpose other than to fulfill his responsibilities in the best interest of the Company. The Executive shall also comply with the Company's corporate policies and any other agreements on confidentiality that the Executive may enter into with the Company or any of its subsidiaries or affiliated entities. This provision and such other confidentiality policies and agreements are hereinafter collectively referred to as the "**Confidentiality Terms.**"

(c) No Solicitation. During the Executive's employment with the Company and for twenty-four (24) months after his employment with the Company terminates for any reason, the Executive will not, directly or indirectly, solicit or attempt to solicit (either in his or her own name or on behalf of any other party) any person who, within a period of one year preceding the termination of the Executive's employment with the Company, is a customer, supplier, agent, employee or consultant of the Company or any of its affiliated entities, to terminate its relationship with the Company or any of its affiliated entities.

(d) Notwithstanding anything to the foregoing, nothing in this agreement shall be construed as limiting or affecting the non-compete, confidentiality and no solicitation clause in the Subsidiary Agreement.

ARTICLE 5
TERMINATION AND INDEMNIFICATION

Section 5.01. *Termination by the Company.* The Company shall have the right to terminate the Executive's employment at any time with "Cause" without any advance notice pursuant to the terms hereof. For purposes of this Agreement, "**Cause**" shall have the meanings ascribed to it in the Subsidiary Agreement. For purposes of this Section 5.01, no act or failure to act, on the part of the Executive shall be deemed "**willful**" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the act or omission of the Executive was in the best interest of the Company. The Company may also terminate the Executive's employment at any time with or without Cause by giving a 30 days' advance notice in writing.

Section 5.02. *Termination by the Executive.* The Executive shall have the right to terminate this Agreement at any time by giving a 30 days' advance notice in writing pursuant to the terms hereof. If the Executive terminates the employment under this Section 5.02, the Company is not obliged to pay to the Executive any financial compensation for such termination.

Section 5.03. *Death.* In the event the Executive passes away during the Term, this Agreement shall automatically terminate, such termination to be effective on the date of the Executive's death.

Section 5.04. *Effect of Termination.* (a) In the event of termination of the Executive's employment, whether before or after the Term, by either party for any reason, or by reason of the Executive's death or disability, the Company shall pay to the Executive (or his beneficiary in the event of his death) any base salary or other compensation earned but not paid to the Executive prior to the effective date of such termination. All other benefits due to the Executive following his termination of employment shall be determined in accordance with the plans, policies and practices of the Company.

(b) In the event of termination of the Executive's employment by the Company other than for Cause, the Company shall pay to the Executive any additional amount as provided by applicable law.

ARTICLE 6
MISCELLANEOUS

Section 6.01. *Benefit Assignment; Assignment; Beneficiary.* This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any corporation or person which may acquire all or substantially all of the Company's assets or business, or with or into which the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to him or her hereunder if the Executive had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

Section 6.02. *Notices.* Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by registered or certified mail, national overnight courier, or email. In the case of the Company, to the office or email account of the Human Resource Department; and in the case of the Executive, to the address or email account appearing on the employment records of the Company, from time to time. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given.

Section 6.03. *Entire Agreement; Amendment.* This Agreement contains the entire agreement and understanding between the Executive and the Company with respect to the terms and conditions of the Executive's employment with the Company during the Term and supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to compensation due for services rendered hereunder. Notwithstanding anything in the foregoing to the contrary, nothing in this agreement shall be construed as limiting or affecting the validity and effectiveness of any clause in the Subsidiary Agreement. This Agreement may not be changed or modified except by an instrument in writing signed by both of the parties hereto.

Section 6.04. *Waiver.* The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

Section 6.05. *Headings.* The article and section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 6.06. *Governing Law.* This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Cayman Islands.

Section 6.07. *Agreement To Take Actions.* Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments, and shall take such other actions, as may be reasonably necessary or desirable in order to perform his, her or its obligations under this Agreement or to effectuate the purposes hereof.

Section 6.08. *Arbitration.* Any dispute between the parties hereto respecting the meaning and intent of this Agreement or any of its terms and provisions shall be submitted to arbitration in Hong Kong, in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in effect, and the arbitration determination resulting from any such submission shall be final and binding upon the parties hereto. The arbitrator shall have no authority to award reasonable attorney's fees to any party in any dispute subject to this Section 6.08. Judgment upon any arbitration award may be entered in any court of competent jurisdiction.

Section 6.09. *Survivorship.* The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

Section 6.10. *Severability.* The invalidity or unenforceability of any particular provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect.

Section 6.11. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

Section 6.12. *Corporate Authorization.* The Company hereby represents that the execution, delivery and performance by the Company of this Agreement are within the corporate powers of the Company, and that the Chairman of its Board of Directors has the requisite authority to bind the Company hereby.

Section 6.13. *Withholding.* All payments to the Executive hereunder shall be subject to withholding to the extent required by applicable law.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

XCHG Limited

By: _____
Name:

Title:

EXECUTIVE

_____
Name:

Title:

Exhibit 10.7

*****Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and is the type the registrant treats as private or confidential. Such omitted information is indicated by brackets ("[***]") in this exhibit.*****

Convertible Loan Investment Agreement

in Relation to

Beijing X-Charge Technology Co., Ltd.

by and among

Beijing X-Charge Technology Co., Ltd.

XCHG Limited

XCharge Europe GmbH

Rui Ding

Yifei Hou

Wuxi Shenqi Leye Private Equity Funds Partnership L.P.

Shell Ventures Company Limited

Dated June 20, 2023

Contents

Appendices and Exhibits

Convertible Loan Investment Agreement

This Convertible Loan Investment Agreement (this "**Agreement**") is made and entered into in Beijing of China on June 20, 2023 by and among:

A. **Beijing X-Charge Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the PRC Law with registered address at 1147, No. 01, 1/F, Building 2, No. 9 Anningzhuang West Road, Haidian District, Beijing (the "**Target Company**");

B. **XCHG Limited**, a company incorporated under the laws of the Cayman Islands with limited liability with registration number 384991 ("**Cayman Co**");

C. **XCharge Europe GmbH**, a company with limited liability incorporated under the laws of Germany (the "**German Subsidiary**");

D. **Rui Ding**, a Chinese natural person with ID number of [***]

E. **Yifei Hou**, a Chinese natural person with ID number of [***] (together with Rui Ding, the "**Founders**" and each a "**Founder**");

F. **Wuxi Shenqi Leye Private Equity Funds Partnership L.P.**, a limited partnership legally established and validly existing under the PRC Law, with its registered address at Room 1922-2, No. 5, Zhihui Road, Huishan Economic Development Zone, Wuxi (the "**Investor 1**"); and

G. **Shell Ventures Company Limited**, a company with limited liability duly incorporated and validly existing under the PRC Law, with its registered address at 8/F, Building 1, No. 818 Shenchang Road, Minhang District, Shanghai (the "**Investor 2**");

The signatories above are referred to individually as a "**Party**" and collectively as the "**Parties**". In this Agreement, unless the context otherwise requires, the terms used herein shall have the meanings set forth in Appendix A.

RECITALS

WHEREAS, the Target Company is a company with limited liability incorporated and validly existing under the PRC Law. As of the date of this Agreement, the registered capital of the Target Company subscribed for by its existing shareholders amounted to thirteen million, eighty-two thousand, fifty-two point ninety-five U.S. dollars (USD13,082,052.95) and the registered capital paid up by them amounted to twelve million, four hundred and twenty-seven thousand, nine hundred and fifty-two point ninety-five U.S. dollars (USD12,427,952.95). As of the date of this Agreement, pursuant to the Restructuring Framework Agreement (as defined below), each shareholder of the Target Company shall effectively enjoy and exercise the shareholder's rights in proportion to the registered capital and corresponding equity interest in the Target Company as set out in Appendix B.

WHEREAS, the Target Company is principally engaged in the research and development and enhancement of technologies related to smart charging equipment for EV; charging-related services; and sales of charging equipment, mechanical equipment or their parts (the "**Principal Business**").

WHEREAS, for the purpose of the development of the Principal Business and subsequent financing and listing, the Target Company, Cayman Co, the Founders and the existing shareholders of the Target Company and other interested parties have entered into a restructuring framework agreement (the "**Restructuring Framework Agreement**") as set out in Exhibit IV. The Target Company and its existing shareholders intend to restructure the red chip in accordance with the terms and conditions set out in the Restructuring Framework Agreement with a view to ultimately establishing Cayman Co as the entity of the Group to receive financing and to be listed and then reflecting the entire interests of other Group Company within the Group in Cayman Co by way of consolidated statements (the said restructuring referred to as "**Red Chip Restructuring**").

WHEREAS, the Investors intend to invest in the Group in this round of equity investment, and in order to facilitate the Red Chip Restructuring, the Investors intend to make such investment in the form of convertible loan in accordance with this Agreement.

WHEREAS, one or more offshore co-investor(s) involved in this round (the "**Offshore Co-investors**") intend to make equity investments in the Group Company, and in order to facilitate the Red Chip Restructuring, the Offshore Co-investors will provide the convertible loans to Cayman Co in accordance with their Convertible Note Purchase Agreement with Cayman Co and the convertible loans issued by Cayman Co to the Offshore Co-investors (collectively, the "**Offshore Co-investor Note Agreement**"). Such convertible loan (the "**Offshore Co-investor CN Loan**") will be automatically converted into series B+ preferred shares of Cayman Co on the terms and conditions of the Offshore Co-investor Note Agreement.

NOW, THEREFORE, the Parties, through friendly negotiations following the principles of equality and mutual benefits, hereby agree as follows:

Chapter 1 Convertible Loan Arrangement

Article 1.1 Amount of Convertible Loan

Pursuant to the terms and conditions of this Agreement, (1) Investor 1 provides a convertible loan in the principal amount of fifty million Chinese yuan (RMB50,000,000) to the Target Company (the "**Investor 1 Note**"); and (2) Investor 2 provides a convertible loan in the principal amount of fifteen million Chinese yuan (RMB15,000,000) to the Target Company (the "**Investor 2 Note**", together with Investor 1 Note, collectively or generally "**Convertible Loan**" or "**Note**"), subject to the satisfaction of all Conditions Precedent to Closing as set forth in Article 2.1 hereof and applicable to the Investor or waiver thereof by the Investor in writing.

Article 1.2 Issuance of Convertible Loan

The Investors shall, within five (5) business days after the date on which the Target Company provides each Investor with the documents that must be provided by the Target Company evidencing that all of the Conditions Precedent to Closing set out in Article 2.1 hereof have been satisfied (other than those which can only be satisfied on the Closing Date or are waived by such Investor in writing) (the "**Timelimit for Confirmation of Conditions Precedent to Closing**"), provide the Target Company with a written confirmation that all of the Conditions Precedent to Closing set out in Article 2.1 hereof (other than those which can only be satisfied on the Closing Date) have been satisfied or waived by such Investor; provided that if the Investor has justifiable reasons to prove that any of the Conditions Precedent to Closing (other than those which can only be satisfied on the Closing Date) is neither satisfied nor waived, the Investor has the right to serve a written notice to the Company within the Timelimit for Confirmation of Conditions Precedent to Closing to require the Company to provide additional documents reasonably required by the Investor to prove that such Condition Precedent to Closing is satisfied, in which case the Timelimit for Confirmation of Conditions Precedent to Closing shall be extended by up to three (3) days after the date of the Company providing such additional documents. If, within the Timelimit for Confirmation of Conditions Precedent to Closing (or, for the avoidance of doubt, the extended Timelimit for Confirmation of Conditions Precedent to Closing if the timelimit is extended in accordance with the foregoing), the Investor fails to make a written reply to the Company as to whether the Conditions Precedent to Closing (other than those which can only be satisfied on the Closing Date) have been satisfied, the Investor shall be deemed to have confirmed in writing that all Conditions Precedent to Closing (other than those which can only be satisfied on the Closing Date) as set out in Article 2.1 hereof have been satisfied on the expiry date of the Timelimit for Confirmation of Conditions Precedent to Closing (or, for the avoidance of doubt, the extended Timelimit for Confirmation of Conditions Precedent to Closing if the timelimit is extended in accordance with the foregoing).

Subject to the terms and conditions of this Agreement, and provided that the Offshore Co-investors have confirmed to the Target Company that the Conditions Precedent to Closing (other than those which can only be satisfied on the Closing Date) under the Offshore Co-investor Note Agreement have been satisfied or waived by the Offshore Co-investor (unless the Investor agrees to waive such conditions) and that the Company has provided the Investor with relevant supporting documents in respect thereof, each of the Investors shall pay the Convertible Loan into the account designated by the Target Company within fifteen (15) business days after the date on which the Conditions Precedent to Closing set forth in Article 2.1 hereof are either fully satisfied or waived by the Investor in writing or on the date as agreed by the Parties hereto in writing (with respect to the Investor, the date on which such Investor remits the amount of its notes into an account designated by the Target Company shall be the "**Closing Date**" for such Investor, and the completion of the payment of the notes by such Investor shall be referred to as the "**Closing**"). In principle, the Investors and the Offshore Co-investors shall complete their Closing simultaneously, provided that the closing arrangement of the Investors hereunder and the closing arrangement of the Offshore Co-investors under the Offshore Co-investor Note Agreement shall be separate and independent, and that any of the Investors shall not be liable toward the rights, obligations and breaches on the part of other Investors or the Offshore Co-investors under this Agreement or the Offshore Co-investor Note Agreement (as the case may be).

Article 1.3 Use of Convertible Loan

The Guarantors (as defined below) undertake that the Convertible Loan shall be used for the Group's business expansion, research and development, production and capital replenishment in relation to the Principal Business and the Red Chip Restructuring in accordance with the terms of the Transaction Documents. Unless otherwise agreed herein, without the prior written consent of the Investors, the Target Company shall not use any part of the Convertible Loan for any other purposes, including but not limited to the repayment of debts (other than the repayment of the Convertible Loan hereunder) or the provision of loans or guarantees to any person.

Article 1.4 Interest on Convertible Loan

1.4.1 The principal of the Convertible Loan shall bear interest at a simple rate of ten percent (10%) per annum, and the interest shall be calculated based on the actual number of days of issuance of the Convertible Loan (accrued on daily basis, and based on the actual number of days elapsed in a year of 365 days). In case of overdue repayment, the principal of the overdue note shall bear interest at a simple rate of twelve percent (12%) per annum from the date on which such note becomes overdue.

1.4.2 Notwithstanding the foregoing, unless Investor 1 opts not to convert Investor 1 Note II into Overseas Shares of Cayman Co (as defined below) or the equity interest in the Target Company within the Offshore Optional Conversion Timelimit in accordance with paragraph 1.7.2 hereof, in which case the interest on Investor 1 Note II shall not be waived, interest on the outstanding note shall be automatically waived if part or all of such Convertible Loan is not converted into equity upon the expiry of the Convertible Loan Term (as defined below) for any reason attributable to the Investor to which such Convertible Loan is related. For the purpose of this paragraph 1.4.2, "reason attributable to the Investor" means that (i) the Investor fails to provide the materials required for the ODI formalities in a timely manner, or (ii) the Investor fails to provide the materials required for the registration of the register of members and the register of directors of Cayman Co as required by the registered office provider of Cayman Co in a timely manner (for the avoidance of doubt, unless provision of those materials is delayed due to the delayed provision of the list of required materials by the registered office provider of Cayman Co).

1.4.3 If any Convertible Loan of any Investor is converted into equity pursuant to Article 1.7 hereof, the interest on such note shall be calculated up to the date of completion of the corresponding conversion, and the Target Company shall repay such interest to the corresponding Investor on the twentieth (20th) business day after the date of completion of such conversion. For the avoidance of doubt, the Investor shall not be entitled to convert any note interest into equity.

Article 1.5 Term and Repayment of Convertible Loan

1.5.1 Unless otherwise agreed herein, the term of convertible loan hereunder (the "**Convertible Loan Term**", subject to adjustment as otherwise agreed herein) shall commence on the Closing Date and end on the (1) the date of expiry of nine (9) months or (2) the date of termination of the Restructuring Framework Agreement, whichever is earlier. If part or all of the Convertible Loan is not converted into Overseas Shares of Cayman Co or equity interest in the Target Company in accordance with Article 1.7 hereof, the Target Company shall repay the principal of the then outstanding Convertible Loan and interest accrued thereon (excluding, for the avoidance of doubt, the portion of such note already converted into equity) to the Investor on the date of expiry of the Convertible LoanTerm.

1.5.2 Notwithstanding the paragraph 1.5.1 above:

(1) If the Completion of Red Chip Restructuring (as defined below) does not take place by the expiry of the ninth (9th) month after the Closing Date, or the ODI formalities under Article 1.8 hereof have not been completed with reasonable cooperation of the Investor, each Investor has the right to unilaterally extend its corresponding Convertible Loan Term (which is not subject to the date of termination of the Restructuring Framework Agreement) by giving a written notice to the Target Company or to extend the Convertible Loan Term corresponding to such Investor upon mutual agreement between such Investor and the Target Company by then;

(2) If an Offshore Automatic Conversion (as defined below) occurs within the Convertible Loan Term, the term of Investor 1 Note I (as defined below) and the term of the Investor 2 Note shall be extended automatically, and the Target Company shall fully settle the principal of Investor 1 Note I and the Investor 2 Note in accordance with Article 1.9 hereof, while paying the corresponding interest accrued thereon under paragraph 1.4.3 hereof, and Investor 1 and the Investor 2 (or their respective designated affiliates) shall pay their respective subscription price in relation to the Overseas Shares I of Investor 1 and the Overseas Shares of Investor 2 (as defined below) in accordance with Article 1.9 hereof;

(3) Provided that all the Offshore Optional Conversion Conditions (as defined below) are satisfied on the part of Investor 1 within the Convertible Loan Term, (a) if Investor 1 exercises its right of Offshore Optional Conversion, the term of Investor 1 Note II shall be automatically extended, and the Target Company shall fully settle the principal of Investor 1 Note II in accordance with Article 1.9 hereof and pay the corresponding interest accrued thereon in accordance with paragraph 1.4.3 hereof, and Investor 1 (or its designated affiliate) shall pay the subscription price in relation to the Overseas Shares II of Investor 1 (as defined below) in accordance with Article 1.9 hereof; and (b) if Investor 1 fails to exercise its right of Offshore Optional Conversion within the Offshore Optional Conversion Timeframe, the term of Investor 1 Note II shall expire automatically in advance on the date of expiry of the Offshore Optional Conversion Timeframe (the "**Automatic Maturity Date of Note II**"), and the Target Company shall repay the principal of Investor 1 Note II and interest accrued thereon within fifteen (15) business days after the Automatic Maturity Date of Note II;

(4) In the event that any repurchase trigger event that is applicable to any Investor as long as such Investor becomes a shareholder of the Target Company as agreed under the Transition Agreement occurs during the Convertible Loan Term, such Investor has the right (but is not obliged) to notify the Target Company in writing of the early maturity of its outstanding note, and the Target Company shall repay the principal of the corresponding portion of the Convertible Loan and interest accrued thereon to such Investor within fifteen (15) business days upon receipt of such notice.

For the purpose of this Agreement, "**Completion of Red Chip Restructuring**" means the fulfilment of all of the following conditions: (1) Cayman Co has issued shares to all of the existing shareholders of the Target Company (or its affiliates, but excluding Beijing X-Charge Management Consulting Center (Limited Partnership) ("**X-Charge Management**")) pursuant to the Restructuring Framework Agreement, all of the existing shareholders of the Target Company (or its affiliates, but excluding X-Charge Management) have been registered in the register of members of Cayman Co, and their shareholding ratios in Cayman Co (on a fully diluted basis) is identical to the shareholding ratios in respect of which they (or their affiliates) are actually entitled to shareholders' rights in the Target Company and the shareholding ratios in the Target Company as agreed in the paragraph 5.2.1 of the Transition Agreement (for the avoidance of doubt, the shareholding ratios of the existing shareholders (or their affiliates) in Cayman Co excluding incentive shares reserved, issued and enlarged by Cayman Co/shares diluted by options under the Restructuring Framework Agreement); and (2) other Group Company within the Group over which Cayman Co has direct or indirect control (other than XCHARGE Energy USA Inc. ("**US Co**")), including but not limited to Xcharge HK Limited ("**HK Co**"), have been registered as the sole shareholder of the Target Company in the register of members and with the competent market supervision and administration authority for the Target Company.

1.5.3 The Target Company shall not make early repayment without the prior written consent of the Investor.

1.5.4 If, during the Convertible Loan Term, any Investor or Offshore Co-investor requests the Group to repay its Convertible Loan in advance as long as such Investor or Offshore Co-investor is entitled to request so (for the avoidance of doubt, except where the Convertible Loan has to be repaid as a result of the conversion), other Investors have the right (but are not obliged) to request the Target Company to repay the principal of their notes and interest accrued thereon in advance. Upon written request of such Investor, the Group shall repay such Investor the principal of the Convertible Loan such investor requests the Group to repay and interest accrued thereon, together with principal of the Convertible Loans of those other investors or Offshore Co-investor requesting such repayment, and interest accrued thereon. If the assets of the Group available for debt servicing are not sufficient to repay all the payables, the Group shall, to the extent that such assets are available for debt servicing, and on a pari-passu and concurrent basis, fulfill its repayment obligation to such Investor and other Investors or Offshore Co-investors requesting such repayment in proportion to the principal of the then Convertible Loans to be repaid as requested by such Investor and other Investors or Offshore Co-investors. For the avoidance of doubt, if early repayment by the Group occurs only due to the non-cooperation of the Investors established in China in the ODI formalities, other Investors are not entitled to request for concurrent repayment under this paragraph 1.5.4.

Article 1.6 Guarantee for Convertible Loan

Without prejudice to the generality of Chapter 6 of this Agreement, the Founders, Cayman Co and the German Subsidiary severally and jointly agree to provide irrevocable joint and several guarantee in respect of the repayment obligations of the Target Company, including but not limited to the principal of the Convertible Loan and interest accrued thereon, and all liquidated damages, late fees, damages and other expenses in connection with the failure of timely repayment of the Convertible Loan (whether based on any repayment required for conversion or any repayment caused by the failure of conversion of the Convertible Loan upon maturity) hereunder (all of the forgoing, collectively "**Secured Obligations**"). The aforesaid guarantee shall take effect on the effective date of this Agreement. Notwithstanding any other provision of this Agreement, all obligations of the Founders to the Investors hereunder (including but not limited to the Secured Obligations under this Article 1.6) shall be limited to the fair value of the entire equity interest in the Group Company then held directly and indirectly by the Founders.

Article 1.7 Conversion

Subject to the terms and conditions of this Agreement, the Investors shall have the right to convert principal of their Convertible Loans into overseas shares of Cayman Co or equity interest in the Target Company based on the corresponding appraised value, in particular:

1.7.1 Investor 1 Note I conversion and Investor 2 conversion

(1) On the fifth (5th) day immediately after the following conditions precedent (the "**Offshore Automatic Conversion Conditions**") applicable to an Investor (the condition precedent (c) below not applicable to Investor 2) are fully satisfied or waived by such Investor in writing (the conditions precedent (a) to (c) below applicable with respect to Investor 1; and the conditions precedent (a) to (b) below applicable with respect to Investor 2) and the Offshore Automatic Conversion Conditions are waived jointly by the Investor and the Target Company (applicable to the condition precedent set out in (d) below) or on any such other date as the Investor and the Target Company agree upon in writing (the "**Automatic Conversion Date**"), (a) the principal of Investor 1 Note equivalent to thirty million Chinese yuan (RMB30,000,000) (the "**Investor 1 Note I**") shall be automatically converted into the corresponding number of series B+ preferred shares of Cayman Co (the "**Overseas Shares I of Investor 1**") on basis that then fully-diluted pre-money valuation of Cayman Co is RMB900,000,000 ("**Pre-money Valuation of Investor 1 Conversion I**", and for the avoidance of doubt, the calculation of such fully-diluted pre-money valuation shall include the incentive shares/options (including the First Tranche Reserved Incentive Shares (as defined below), but for the avoidance of doubt, excluding the Reserved Incentive Shares II (as defined below)) reserved, issued and enlarged by Cayman Co under the Restructuring Framework Agreement, and ordinary shares issued by Cayman Co to the Founders or their wholly-owned holding entity or trust established by them); and (b) the Investor 2 Note shall be automatically converted into the corresponding number of series B+ preferred shares of Cayman Co (the "**Overseas Shares of Investor 2**", together with Overseas Shares I of Investor 1, collectively the "**First Tranche Overseas Shares**"; and the corresponding conversions collectively referred to as the "**Offshore Automatic Conversion**") on basis that the then fully-diluted pre-money valuation of Cayman Co is RMB1,000,000,000 (for the avoidance of doubt, the calculation of such fully-diluted pre-money valuation shall include the incentive shares/options (including the First Tranche Reserved Incentive Shares (as defined below), but for the avoidance of doubt, excluding the Reserved Incentive Shares II (as defined below)) reserved, issued and enlarged by Cayman Co under the Restructuring Framework Agreement, and ordinary shares issued by Cayman Co to the Founders or their wholly-owned holding entity or trust established by them). Cayman Co shall issue the First Tranche Overseas Shares to the aforementioned Investors (or their designated affiliates) on the Automatic Conversion Date, and shall provide those Investors with a scanned copy of the register of members, which shall specify such Investors (or their designated affiliates) as the holders of the corresponding First Tranche Overseas Shares and shall be certified by the registered office provider of Cayman Co, and shall also provide a scanned copy of the share certificate duly executed and affixed with the common seal of Cayman Co (the original share certificate shall be provided to the aforementioned Investors within fifteen (15) days after the Automatic Conversion Date):

(a) pursuant to the Restructuring Framework Agreement, the Group has completed the Red Chip Restructuring and Cayman Co has completed the reservation of 150,000,000 ordinary shares (corresponding to the equity interest in the Target Company held in China by X-Charge Management as of the execution date of this Agreement, which, together with the Reserved Incentive Shares I (as defined below), are referred to as the "**First Tranche Reserved Incentive Shares**"); and no circumstance specified in paragraph 5.4.3 hereof occur;

(b) Cayman Co, all of its then shareholders (including all existing shareholders of the Target Company other than X-Charge Management or its designated overseas affiliates), the Investors (or their designated affiliates), and the Offshore Investors (or their designated affiliates) have executed the Amended and Restated Investors' Rights Agreement of Cayman Co and the general meeting of Cayman Co has duly resolved to pass the Amended and Restated Memorandum and Articles, provided that these two documents shall reflect that the shareholders' rights are substantially identical to the rights of the Investors in the Target Company under the Transition Agreement (including the rights of the Convertible Loan Investor and rights of shareholders (if applicable)), and shall include the shareholders' rights such as registration right and conversion right which are customary for overseas entities, and these two documents have been provided to the Investors;

(c) with respect to Investor 1, a scanned copy of the register of members of Cayman Co as certified by the registered office provider of Cayman Co have been submitted to Investor 1, which shall show that one (1) director nominated by Investor 1 (or its designated affiliate) has been appointed as a director of Cayman Co, and Cayman Co has executed the director indemnification agreement to be signed by Cayman Co, Investor 1 (or its designated affiliate) and the director appointed by Investor 1 (or its designated affiliate), and such documents have been provided to Investor 1; and

(d) with respect to each Investor, the Investor has completed the ODI formalities in relation to its subscription for the corresponding First Tranche Overseas Shares in accordance with applicable laws, unless the Investor designates its affiliate to subscribe for the corresponding First Tranche Overseas Shares and such affiliate has completed all the required formalities in accordance with applicable laws (if any) in relation to its subscription for such First Tranche Overseas Shares.

(2) In the event that (a) the Group Company has completed the Red Chip Restructuring, but the Offshore Automatic Conversion Conditions are not fully satisfied prior to the expiry of the Convertible Loan Term due to the failure of Cayman Co or the Target Company to fulfill conditions set forth in points (a) to (c) of paragraph 1.7.1 (1) hereof (if applicable), and such Offshore Automatic Conversion Conditions have not been waived by the Investor in writing; or (b) the Group has not completed the Red Chip Restructuring prior to the expiry of the Convertible Loan Term, then: (i) Investor 1 has the right (but is not obliged) to request to convert the outstanding principal of Investor 1 Note I into equity in the Target Company on the basis that the pre-money valuation of Investor 1 Conversion I represents the pre-money valuation of the Target Company (the "**Investor 1 Onshore Conversion I**"), (ii) Investor 2 shall have the right (but not be obliged) to request to convert the outstanding principal of Investor 2 Note into equity in the Target Company on basis that the pre-money valuation of the Target Company is RMB 1,000,000,000 (the "**Investor 2 Onshore Conversion**", together with Investor 1 Onshore Conversion I, collectively the "**First Tranche Onshore Conversion**"), and the Target Company shall register such Investor as a shareholder with respect to the aforesaid equity interest in its register of members on the date of receipt of such notice, cause the relevant documents such as the shareholders' agreement and articles of association of the Target Company to be amended to reflect the foregoing arrangements, and shall, within thirty (30) business days thereafter, complete the registration and filing formalities with its competent company registration authority in connection with the aforementioned onshore conversion and the appointment of a directors by Investor 1.

(3) For the avoidance of doubt, if, prior to the occurrence of an Offshore Automatic Conversion, the conversion unit price of the Convertible Loan to which the First Tranche Onshore Conversion is related is changed to the adjusted unit price of the investment contemplated hereunder pursuant to paragraph 5.8.3 of the Transition Agreement, the conversion unit price for the Offshore Automatic Conversion shall be adjusted accordingly pursuant to Article 5.8 of the Transition Agreement so that the corresponding Investors are entitled to anti-dilution protection at Cayman Co level substantially identical to that at the Target Company level.

1.7.2 Investor 1 Note II conversion

(1) Within fifteen (15) business days after all of the following conditions (the "**Offshore Optional Conversion Conditions**") are satisfied or waived by Investor 1 in writing (applicable to the conditions precedent (a) to (b) below) and jointly waived by Investor 1 and the Target Company (applicable to the condition precedent (c) below) (or such later period as Investor 1 and the Target Company shall then otherwise agree) (the "**Offshore Optional Conversion Time Limit**"), Investor 1 has the right (but is not the obliged) to give a written notice to Cayman Co (the "**Offshore Optional Conversion Notice**") requiring the conversion of the remaining notes (corresponding to the principal amount of the Convertible Loan of twenty million Chinese yuan (RMB 20,000,000), the "**Investor 1 Note II**") into a corresponding number of series B + preference shares of Cayman Co at the conversion unit price of the Overseas Share II of Investor 1. Notwithstanding the foregoing, if, prior to the occurrence of the Offshore Optional Conversion, a new round of financing occurs to Cayman Co, in which the unit price per additional share is lower than the conversion unit price of the Overseas Share II of Investor 1 calculated on basis that the consolidated pre-money valuation (see the calculation formula below) is equal to RMB1 billion (except for the Red Chip Restructuring as agreed under the Restructuring Framework Agreement and the conversion following provision of loan by the Offshore Co-investors to the Group Company under this Agreement and the Offshore Co-investor Note Agreement, the "**New Financing of Cayman Co**"), Investor 1 has the right to request converting Investor 1 Note II into the corresponding number of the preferred share class issued under the New Financing of Cayman Co whenever Investor 1 conducts the Offshore Optional Conversion at the conversion unit price of the Overseas Share II of Investor 1 defined in the point (b) of paragraph 1.7.2(2) in accordance with paragraph 1.7.2(2) (the aforesaid conversion shares referred to as "**Overseas Share II of Investor 1**", and together with the First Tranche Overseas Shares, collectively or individually "**Overseas Share**"; and these conversions referred to as "**Offshore Optional Conversion**", and together with Offshore Automatic Conversion, collectively or individually "**Offshore Conversion**"):

(a) Offshore Automatic Conversion has occurred, and Investor 1 (or its designated affiliate) has been registered as the holder of the relevant First Tranche Overseas Shares in the register of members of Cayman Co;

(b) The Group has submitted to the Investor the consolidated financial statements of the Group for the one (1) month immediately before the date of automatic conversion and the key operation data of the Group as set out in Exhibit V. If there is a material adjustment to the Principal Business of the Group, Investor 1 shall have the right to request the Group to update the key operation data set out in Exhibit V from time to time; and

(c) Investor 1 has completed the ODI formalities in relation to its subscription for Overseas Shares II of Investor 1 in accordance with the applicable laws, unless Investor 1 designates its affiliate recognized by the Target Company to subscribe for Overseas Shares II of Investor 1 and such affiliate has completed all required formalities (if any) for such subscription in accordance with applicable laws.

(2) For the purposes of this Agreement, the "**Conversion Unit Price of Overseas Shares II of Investor 1**" means: (a) the conversion unit price per Overseas Shares II of Investor 1 that is such calculated that the consolidated pre-money valuation under two investments made by Investor 1 constituting the Offshore Automatic Conversion and Offshore Optional Conversion (see calculation formula below); or (b) 90% of unit price per share under a New Financing of Cayman Co if such new financing occurs prior to or concurrently with the Offshore Conversion, whichever is lower.

(3) For the purposes of this Agreement, the "**Consolidated Pre-money Valuation**" shall be calculated according to the following formula: Consolidated pre-money valuation = (Total principal of Investor 1 notes + Number of shares held by the Investor in Cayman Co immediately after the Offshore Optional Conversion) X Total number of shares issued and reserved by Cayman Co on a fully-diluted basis immediately before the Offshore Automatic Conversion (including the First Tranche Reserved Incentive Shares, but excluding, for the avoidance of doubt, the Reserved Incentive Shares II).

(4) Within ten (10) business days after the date of receipt of the Notice of Offshore Optional Conversion of Investor 1,

(a) Cayman Co shall issue the Overseas Shares II of Investor 1 to Investor 1 (or its designated affiliate) and provide Investor 1 with a scanned copy of the register of members which specifies Investor 1 (or its designated affiliate) as a holder of the Overseas Shares II of Investor 1 and is certified by the registered office provider of Cayman Co and a scanned copy of the share certificate duly executed and affixed with the common seal of Cayman Co (the original copy of the share certificate shall be provided to Investor 1 within thirty (30) days after the date on which Cayman Co receives the Notice of Offshore Optional Conversion of Investor 1); and

(b) Cayman Co, all of its then shareholders (including all existing shareholders of the Target Company other than X-Charge Management or its designated overseas affiliates), the Investors (or their designated affiliates), and the Offshore Investors shall have executed the Amended and Restated Investors' Rights Agreement of Cayman Co and the general meeting of Cayman Co has duly resolved to pass the Amended and Restated Memorandum and Articles, provided that these two documents shall reflect that the shareholders' rights are substantially identical to the rights of Investor 1 in the Target Company under the Transition Agreement (including the rights of the Convertible Loan Investor and rights of shareholders (if applicable)), and shall include the shareholders' rights such as registration right and conversion right which are customary for overseas entities, and these two documents have been provided to Investor 1.

(5) In the event that (a) the Group Company has completed the Red Chip Restructuring, but the Offshore Optional Conversion Conditions are fully satisfied prior to expiry of the Convertible Loan Term due to the failure of Cayman Co or the Target Company to fulfill the conditions set forth in points (a) to (b) of paragraph 1.7.2 (1) hereof, and such Offshore Optional Conversion Conditions have not been waived by Investor 1 in writing, or (b) the Group Company has not completed the Red Chip Restructuring prior to the expiry of the Convertible Loan Term, Investor 1 has the right (but is not obliged) to request to convert the outstanding Investor 1 Note II into the equity interest in the Target Company (the "**Investor 1 Onshore Conversion II**", and together with the First Tranche Onshore Conversion, collectively the "**Onshore Conversion**"; and the Offshore Conversion and the Onshore Conversion collectively referred to as the "**Conversion**") based on the conversion unit price of the Overseas Shares II of Investor 1, and the Target Company shall register Investor 1 as a shareholder with respect to the aforesaid equity interest in its register of members on the date of receipt of such notice from Investor 1, cause the relevant documents such as the shareholders' agreement and articles of association of the Target Company to be amended to reflect such Investor 1 Onshore Conversion II, and shall, within thirty (30) business days thereafter, complete the registration and filing formalities with its competent company registration authority in connection with Investor 1 Onshore Conversion II.

1.7.3 The Parties agree that, for the purpose of the Offshore Equity Incentive Plan, Cayman Co intends to complete the reservation of 890,397,900 ordinary shares pursuant to the Restructuring Framework Agreement and such reservation will become effective in two tranches as follows: (1) reservation of 445,198,950 ordinary shares (the "**Reserved Incentive Shares I**") will come into effect upon the completion of the corresponding Offshore Automatic Conversion by any Investor or the completion of the conversion by any Offshore Co-investor under the Offshore Co-investor Note Agreement; and (2) reservation of 445,198,950 ordinary shares (the "**Reserved Incentive Shares II**") will come into effect upon the successful initial public offering of Cayman Co if the market capitalization of Cayman Co calculated at the formal issue price determined on the basis of the finalized prospectus is higher than RMB2.6 billion (market capitalization of Cayman Co = issue price X the number of issued shares of Cayman Co immediately after the completion of offering, and the aforesaid information to be determined in accordance with the finalized prospectus).

Article 1.8 ODI Formalities

After the Closing, each of the Guarantors shall act as the lead party to coordinate and promote required ODI (overseas direct investment) formalities for subscription for the Overseas Shares by the Investors hereunder, and in order to achieve such purpose, the Parties shall actively provide all necessary assistance for ODI formalities and shall execute all necessary documents in connection therewith.

Article 1.9 Fund Flow

1.9.1 Unless otherwise agreed herein, the relevant Investor shall give a written notice of any Offshore Conversion to the Target Company, and the Target Company shall, within fifteen (15) business days upon receipt of the notice (or such period as the Investor and the Target Company shall otherwise agree), repay the principal of the Convertible Loan corresponding in full to the Overseas Shares underlying such Offshore Conversion to the relevant Investor, and such Investor (or its designated affiliate) shall, within fifteen (15) business days after receiving the aforesaid repayment of the principal of the Convertible Loan (or such period as the Investor and the Target Company shall otherwise agree), pay to Cayman Co the corresponding subscription amount for the Overseas Shares. Notwithstanding the foregoing, if such Investor (or its designated affiliate) fails to pay within the aforementioned period due to bank control or foreign exchange control policies, such Investor shall not be deemed to be in breach of this Agreement, and such payment term shall be automatically extended accordingly. For the avoidance of doubt, the Parties agree that the Overseas Shares Subscription Price to be paid by the Investor (or its designated affiliate) to Cayman Co at that time shall be equivalent to the amount of USD derived from the translation of the principal of the Convertible Loan to be received by the Investor from the Target Company at the RMB : USD exchange rate applicable to the commercial bank undertaking such translation and from deduction of necessary bank fees (unless otherwise then agreed by the Investor and the Target Company in writing), and such amount of USD shall be deemed as the full payment of the Overseas Shares Subscription Price.

1.9.2 If the Target Company does not have sufficient funds to pay the full amount of the principal of the Convertible Loan to the Investor in one lump sum, the Target Company may pay the principal of the Convertible Loan to the Investor by installments, in which case the Overseas Shares Subscription Price to be paid by the Investor (or its designated affiliate) to Cayman Co shall also be paid in the same installments, and the amount paid in each installment shall represent repayment received by the Investor from the Target Company for the current period. Notwithstanding the foregoing, upon repayment of the first installment of the principal of the Convertible Loan, the remaining installments of the principal of the Convertible Loan shall be repaid within fifteen (15) business days (or such other period as agreed by the Investor and the Target Company) after Cayman Co receives from the Investor (or its designated affiliate) the previous installment of the Overseas Shares Subscription Price, and the total number of installments shall not exceed two installments (or such other number of installments as agreed by the Investor and the Target Company).

Article 1.10 Seniority of Convertible Loan

Subject to the applicable laws, the seniority of the Convertible Loan hereunder shall be no less favorable than the seniority of the Offshore Co-investor CN Loan under the Offshore Co-investor Note Agreement, and the Convertible Loan hereunder shall be repaid with precedence over the debts owed by each of the Guarantors to other parties and/or the debts owed by the Target Company to its existing shareholders as a result of their exercise of the repurchase rights under the Transition Agreement.

Article 1.11 Equal Treatment

The Guarantors undertake that the Offshore Co-investor CN Loan provided by the Offshore Co-investors shall be subject to the conversion mechanism which is substantially identical to or no more favorable than the Automatic Overseas Conversions under Article 1.7.1 hereof (provided that if the conversion unit price of the Offshore Co-investors is lower than the unit price of the Automatic Overseas Conversions solely due to exchange rate, it shall not be deemed as a violation of the aforesaid provision). If any Offshore Co-investor enjoys rights that are more favorable or preferential than those of the Investor under its Convertible Loan documents, the Investor shall be automatically entitled to such more preferential rights, and the Parties hereto shall provide all necessary cooperation in connection therewith, including but not limited to amending the relevant Transaction Documents, so as to enable the Investor to enjoy the above favorable or preferential rights.

Chapter 2 Conditions Precedent to Closing

Article 2.1 Conditions Precedent to Closing

The payment of the Convertible Loan by each Investor to the Target Company in accordance with Article 1.2 hereof shall be conditional upon all of the following conditions (the "**Conditions Precedent to Closing**") being satisfied or waived in writing by such Investor in advance:

2.1.1 the Transaction Documents have been duly executed and delivered by the Parties other than such Investor;

2.1.2 the representations and warranties made by the Guarantors in Article 3.1 hereof shall remain true, accurate, complete and not misleading from the date of this Agreement to the Closing Date; and the Guarantors have performed or complied with their undertakings, obligations and covenants that are required to perform or complied with under the Transaction Documents on or before the Closing Date, and the Guarantors do not commit any violation of the provisions of the Transaction Documents;

2.1.3 the board of directors and shareholders of the Target Company have approved the Transaction and the execution and performance of the Transaction Documents, which shall also include the following matters: (1) approving the execution and performance of the Restructuring Framework Agreement; and (2) the existing shareholders of the Target Company having agreed in writing to waive any pre-emptive rights in relation to the Transaction (including the conversion); and (3) one (1) director nominated by Investor 1 has been appointed as a director of the Company;

2.1.4 the board of directors of the Target Company has resolved to approve and ratify the borrowing of RMB1.7 million from the Target Company by Rui Ding ("**Rui Ding Related Loan**");

2.1.5 the Founders and the Core Employees have entered into a labor contract, an IP ownership and a confidentiality agreement and non-competition agreement with the Target Company as recognized by the Investor;

2.1.6 as of the Closing Date, there were no events, facts, conditions, changes or other circumstances that had or could be reasonably expected to have a material adverse effect on the Group's assets, financial structure, liabilities, technology, earnings prospects and normal operations;

2.1.7 no government authority has issued, promulgated, implemented, formulated or enforced any laws that would or might result in the Transaction being unlawful, or that restrict or prohibit the Transaction;

2.1.8 the Group and the Founders are not involved in any pending litigations, arbitrations, disputes, investigations or other legal proceedings or pending matters that prohibit, have material adverse effect on, invalidate or result in impossibility of performance of the Transaction Documents;

2.1.9 from the date of this Agreement to the Closing Date, there was no material adverse change in the shareholding, corporate governance, business operations or financial condition of any Group Company, and no material legal dispute or material personnel change occurred (except for those for the purpose of the Red Chip Restructuring); and there was no material adverse change in the Target Company's and/or the Founders' ability to perform their obligations under the Transaction Documents (except for those for the purpose of the Red Chip Restructuring);

2.1.10 from the date of this Agreement to the Closing Date, none of the Founders has transferred part or all of their equity interest in the Target Company to any third party or created any encumbrance thereon (except for those for the purpose of the Red Chip Restructuring);

2.1.11 from the execution date of this Agreement to the Closing Date, the Group, as an entity operating as a going concern, neither engaged in nor was involved in any material violations of laws and regulations, and the Group neither disposed of its substantial assets or created guarantees thereon, nor has it incurred or assumed any material debts (other than disposal or liabilities in the ordinary and usual course of business);

2.1.12 the Investor has completed its due diligence on the Group (including but not limited to financial, business and legal due diligence) and the Investor is satisfied with the results of such due diligence;

2.1.13 the Investor has obtained approval from its internal decision-making body or investment committee in respect of the Transaction;

2.1.14 the Target Company entered into the Restructuring Framework Agreement with each of its existing shareholders and other interested parties, and the Target Company has published a capital reduction announcement pursuant to the Restructuring Framework Agreement, and the capital reduction documents (as defined in the Restructuring Framework Agreement) have been executed; and

2.1.15 the Guarantors have executed and issued to the Investor a confirmation letter on the satisfaction of the closing conditions (the format and contents shall be substantially consistent with Exhibit I) in respect of the Transaction, confirming that all the closing conditions under this Article 2.1 have been satisfied.

Article 2.2 Waived Conditions Precedent to Closing

If any of the Investors waives any of the Conditions Precedent to Closing based on the undertakings of the Guarantors, such undertakings shall be deemed as obligations to be performed by the Guarantors in a timely manner after the Closing, and shall be performed by the Guarantors within the time limit then agreed upon by the Guarantor and such Investor.

Chapter 3 Representations and Warranties

Article 3.1 Representations and Warranties of Guarantors

The Target Company, Cayman Co, the German Subsidiary and the Founders (collectively, the "**Guarantors**", and each a "Guarantor") shall severally and jointly make representations and warranties to the Investor as set out in Appendix C-1 hereto (other than the representations and warranties provided under the Restructuring Framework Agreement) and warrant that such representations and warranties are true, complete and accurate from the date of this Agreement to the Closing Date.

Article 3.2 Representations and Warranties of Investors

From the execution date of this Agreement to the Closing Date, the Investors shall severally, but not jointly, make representations and warranties as set out in Appendix C-2 hereto to the other Parties, respectively.

Chapter 4 Undertakings

Article 4.1 Transitional Undertakings

The Guarantors undertake to the Investor, jointly and severally, that, from the date of this Agreement to the date of completion of the conversion or the date of termination of this Agreement (whichever is earlier), except with the prior written consent of the Investor or otherwise expressly provided herein, or otherwise in accordance with the terms of the Restructuring Framework Agreement:

4.1.1 the Guarantors shall not engage in, permit or procure any act or omission which would constitute or render any of the representations, warranties or undertakings made under Article 3.1 hereof and this Chapter 4 being untrue, inaccurate or violated in any material respect;

4.1.2 the Guarantors shall take all reasonable measures to preserve and protect the Group's assets, operate the Principal Business of the Group and maintain the relationship with suppliers, partners, customers and employees in the normal course of business in a manner consistent with the past practices and prudent business practices to ensure the normal operation of the Group, and ensure that there will be no material adverse changes in the Group's goodwill and operations;

4.1.3 the Guarantors shall make optimal efforts to procure the transactions hereunder, and shall not take any act or omission which obstructs or unduly delays the transactions hereunder. The Guarantors shall take all necessary actions and execute all necessary documents and instruments in order to perform any of the provisions of this Agreement (including but not limited to the satisfaction of the Conditions Precedent to Closing as stipulated in Article 2.1);

4.1.4 the Guarantors shall give the Investor (and its designated third-party intermediary) the right to access the Group's creditors, customers, partners, financial advisers, accountants and other advisers and shall assist the Investor in obtaining such information as it reasonably requires in connection with any aspect of the Group such as finance, operations and/or business. In addition, the Guarantors shall immediately notify the Investor of any material litigation, arbitration or administrative proceedings which have occurred or which to its knowledge may occur in relation to the Group or its assets, business and/or revenues. Neither the right of access provided to the Investor hereunder nor the review of the information provided by the Investor shall in any way affect or limit any representations and warranties made by any of the Guarantors hereunder;

4.1.5 Unless the Investor has given the prior written consent, the Guarantors and any of its affiliates, officers, directors, representatives or agents shall not: (1) solicit, initiate, consider, encourage or accept any proposal or offer from any person in relation to (a) new financing conducted by the Group Company which may adversely affect the Transaction during the period from the date of this Agreement to the Closing Date or the date of termination of this Agreement, whichever is earlier; or (b) any transaction relating to the purchase or otherwise acquisition of all or any part of the equity interest or assets of the Group; or (c) entering into of any merger, consolidation or other business combination with the Group; and (2) participate in any discussions, conversations, negotiations and other communications relating to the foregoing, or provide any information to any other person relating to the foregoing, or cooperate, assist or participate in any other way, facilitate or encourage any effort or attempt by any other person to provide any information relating to the foregoing; provided that the relevant activities for the purpose of the restructuring of the Group Company under the Restructuring Framework Agreement, the preparation for the listing of the Group Company and the provision of the Offshore Co-investor CN Loan to the Group Company by the Offshore Co-investors are not subject to this provision. The Guarantors shall immediately cease and shall procure the termination of all existing discussions, conversations, negotiations and other exchanges with any person in relation to any of the foregoing conducted prior to this Agreement. The Guarantors shall immediately notify the Investor if it makes or receives any such proposal or offer, or makes any inquiry or other contact with any person in relation to the foregoing;

4.1.6 Without the prior written consent of the Investor, each Group Company shall not (for the purposes of this paragraph 4.1.6, the definition of "**Company**" shall include the Target Company and other Group Company) take the following actions, unless otherwise provided for under the Restructuring Framework Agreement or otherwise expressly provided herein:

(1) merger, division, dissolution, liquidation or change of corporate form, any merger, acquisition, consolidation or other conversion, restructuring or reorganization or reorganization of the Company, or any transaction that results in a change of control of the Company;

(2) amendment to the Articles of Association;

(3) increasing or decreasing the registered capital of the Company (including any grant or issue of any options or subscription rights which may result in the issue of new shares by the Company in the future or the dilution or reduction of the effective equity interest of the Investors in the Company), and increasing or decreasing the registered capital as a result of share incentive;

(4) creating or authorizing the creation of any convertible or exercisable securities by the Company, which, upon conversion or exercise, shall bear more preferred or equal rights or privileges over the equity interest in the Company held by the Investors after the debt-to-equity swap, except for convertible or exercisable securities that are created or authorized to be created under the Offshore Co-investor Note Agreement;

(5) the distribution of dividends and profits by the Company to its shareholders;

(6) share repurchase by the Company for any reason (except for any share repurchase pursuant to the Employee Incentive Scheme);

(7) changes in the number of members of the board of directors or the appointment of executive directors;

(8) sales, mortgage, pledge, lease, transfer or otherwise disposal of any assets and/or business of the Company (except for disposal as part of the ordinary and usual course of business);

(9) declaration of bankruptcy of the Company or appointment of receiver, liquidator, legal management personnel or similar officer for the company.

Article 4.2 Post-closing Undertakings

Unless the acts conducted in accordance with this Agreement, the matters provided under the Restructuring Framework Agreement or with the prior written consent of the Investor, the Guarantors separately and jointly undertake to the Investor that: upon Closing,

4.2.1 the Group shall comply with all applicable laws (including but not limited to the anti-corruption law and the trade control law) to ensure that each Group Company shall continue to operate legally, and obtain and maintain all governmental approvals, permits, filings and other permits and consents required for its operations, and shall use its best endeavors to obtain licenses, authorizations, approvals or filings required for its operation within the required period or such longer period as agreed upon by the Investors when the laws or governmental authorities of China expressly require the Group to obtain such licenses, authorizations, approvals or filings;

4.2.2 the Group shall take all necessary measures to protect and maintain the intellectual property rights it owns and use any intellectual property rights (including but not limited to trade name, trademark, domain name, integrated circuit layout design, patent, and office software) in a legal manner, including but not limited to: (1) submitting applications to competent authorities in a timely manner for trade name, trademark, and new technology for which the Group Company reasonably determines that intellectual property rights can be applied for; (2) consulting trademark attorney and/or agent in a timely manner for the trademarks that will continue to be used in future business operations and take reasonable measures to obtain corresponding trademark rights protection thereafter; and (3) adopting other reasonable and effective solutions for intellectual property rights for which the Group's applications are finally rejected (for trademarks, including but not limited to submitting review applications or trademark administrative proceedings, submitting corresponding alternative trademarks for registration, acquiring trademarks from holders of earlier registered trademarks, or changing the corresponding brand name for trademarks for which the application for intellectual property rights ultimately fails), to ensure that the Group does not infringe on third-party intellectual property rights in the course of business operation, and shall take all effective measures to protect the Group's intellectual property rights;

4.2.3 any intellectual property right acquired by any of the Founders or the Group in connection with the Group's business after the date of this Agreement, and any licenses or rights to such intellectual property rights shall be held by the Group as the sole owner or right holder. The Group shall complete all necessary or feasible registrations for such intellectual property rights as soon as practicable, and the Founders shall actively provide all necessary assistance in connection therewith;

4.2.4 the Group and the Founders shall take all reasonable measures to preserve and protect the assets of the Group, operate the Principal Business and maintain the relationship with suppliers, partners, customers and employees in the normal course of business in a manner consistent with the previous practice and prudent business practice to ensure the normal operation of the Group, and ensure that there will be no material adverse change in the goodwill or operation of the Group;

4.2.5 the Group shall continuously pay social insurance and contributions to the housing provident fund in full and on time for all employees in accordance with the standards stipulated by laws, and withhold and pay individual income tax in full and on time in accordance with the laws;

4.2.6 the Group shall prepare and submit the national and local tax returns in accordance with applicable laws and regulations and the requirements of competent Governmental Authority on a timely basis. The Group shall, either before or after the Closing Date, pay taxes due in accordance with applicable laws, regulations and tax returns;

4.2.7 the Group and the Founders shall promptly notify the Investors in writing of any event, fact, condition, change or other circumstance that has or may have a material adverse effect on the Group;

4.2.8 the Group and the Founders agree and undertake that the transactions (if any) between the Group and its existing shareholders and their affiliates shall be based on fair market prices and conditions in the same industry;

4.2.9 if any Group Company intends to engage in a business for which a value-added telecommunications business license is required, such Group Company shall carry out the relevant business after obtaining the relevant value-added telecommunications business license. If the Group suffers any penalties or other losses as a result of the failure of such Group Company to obtain the value-added telecommunications business license, the Founders shall make up consequential losses of the Group and shall be liable for the consequential losses of the Investors (if any);

4.2.10 the Group undertakes that it shall strictly comply with the relevant provisions of the Cybersecurity Law. If the Group is subject to any penalties or losses due to its violation of the Cybersecurity Law (including but not limited to the provisions on the collection and use of personal information), the Founders shall make up the consequential losses of the Target Company in favor of the Group, and shall be liable for consequential losses of the Investors (if any);

4.2.11 if the Target Company is subject to any penalties or other measures due to any non-compliance in respect to social security or provident fund, the Founders shall make up the consequential losses of the Target Company in favor of the Target Company, and shall be liable for consequential losses of the Investors (if any);

4.2.12 in the event that any Group Company suffers penalties or other losses due to unauthorized operation of business in any place other than its domicile address, the Founders shall make up the consequential losses in favor of the Group, and shall be liable for consequential losses of the Investors (if any), in which case the Group undertakes that it will rectify such unauthorized operation of business prior to the listing to ensure that the listing would not be affected thereby;

4.2.13 the Group shall enter into full-time labor contracts or employment contracts with all employees in accordance with applicable laws, and enters into confidentiality agreements and non-competition agreements containing a clause on intellectual property rights ownership with its senior management, technical and R&D personnel;

4.2.14 unless otherwise agreed in writing by the Investors, during the period from the Closing Date to first (1st) anniversary of the Qualified IPO, the Founders shall work in the Group on a full-time basis, continue and fully engage in the business of the Group and use their best endeavors to develop the business of the Group, and protect the interests of the Group, and shall not engage in or participate in any other business materially waste their working hours (whether or not such business is in competition with the business of the Group);

4.2.15 the Group shall complete the Red Chip Restructuring as soon as possible in accordance with the Restructuring Framework Agreement. The Guarantors shall also notify the Investors of each milestone of the Red Chip Restructuring in writing. and promptly provide the Investors with such documents and information relating to the Red Chip Restructuring as they may reasonably request from time to time;

4.2.16 the Group Company shall ensure that the Founders and the employees of the Company will not violate any contract to which they are a party or any undertaking binding on them (including but not limited to confidentiality obligations and non-competition obligations) or violate the legal rights of their former employers or other holders of intellectual property rights;

4.2.17 Cayman Co shall complete a wholly-owned acquisition of US Co before the date falling six (6) months after the Closing or the date on which the Group completes the formal filing of the initial public offering, whichever is earlier;

4.2.18 Rui Ding Related Loan shall be repaid in full before the date falling six (6) months after the Closing or the date on which the Group completes the formal filing of the initial public offering, whichever is earlier;

4.2.19 the Target Company shall, before the date falling three (3) months after the Closing or the date on which the Group completes the formal filing of the initial public offering, whichever is earlier, but not earlier than the date on which HK Co completes the acquisition of the entire equity interest in the Target Company pursuant to the Restructuring Framework Agreement, transfer its entire equity interest in the German Subsidiary to Cayman Co and cancel its overseas investment certificate; and

4.2.20 the Group has the right to adjust the shareholding structure of the German Subsidiary for the purpose of the Red Chip Restructuring, provided that the Group shall ensure that the German Subsidiary remains wholly owned by the Target Company or Cayman Co directly or indirectly.

Chapter 5 Coming into Force, Supplement, Amendment, Alteration and Termination

Article 5.1 Coming into Force

This Agreement shall become effective after being signed by the Parties or their legal representatives and being affixed with common seals by the Parties (other than natural persons).

Article 5.2 Supplement

The Parties shall otherwise enter into supplemental agreements for matters not mentioned herein, and any such supplemental agreement shall have the same legal effect as this Agreement.

Article 5.3 Amendment and Alteration

This Agreement may be amended or altered through mutual agreement of the Parties hereto. Any amendment to or alteration of this Agreement shall not come into force unless it is made in writing, signed by the Parties hereto or their legal representatives and affixed with common seals by the Parties (other than natural persons).

Article 5.4 Termination

This Agreement may be terminated, if:

5.4.1 with respect to any investor, the Company and the Investor mutually agree in writing to terminate this Agreement and determine when such termination takes effect;

5.4.2 any Investor may terminate the parts of this Agreement related to such Investor by giving a written notice to the other Parties, stating the effective date of such termination (such termination shall not, for the avoidance of doubt, affect the rights and obligations of the other Investors hereunder and the rights and obligations of the Company and other Parties in relation thereto) if any of the following circumstances occurs prior to the Closing Date:

(1) the representations or warranties of any of the Guarantors (but not limited to the representations and warranties set out in Appendix C-1) were materially untrue or materially omitted at the time they were made or at the Closing Date;

(2) any of the Guarantors is in breach of the covenants, undertakings (including but not limited to the undertakings set out in Chapter 4) and obligations hereunder, and fails to take effective remedial measures within 30 days after the date of receipt of the written notice from the Investor requesting rectification;

(3) Closing does not occur within forty-five (45) days after the date of this Agreement.

5.4.3 any of the Investors may terminate this Agreement by giving a written notice to the other Parties, stating the effective date of such termination (for the avoidance of doubt, such termination shall not affect the rights and obligations of the other Investors hereunder and the rights and obligations of the Company and other Parties in relation thereto) if any of the following circumstances occurs (unless due to the matters provided under the Restructuring Framework Agreement) from the Closing Date to the completion of the conversion:

(1) the representations or warranties of any of the Guarantors (including but not limited to the representations and warranties set out in Appendix C-1) are untrue, inaccurate, or misleading or contain omissions in any material respect at the time they were made or prior to the completion of the conversion;

(2) any of the Guarantors is in breach of the covenants, undertakings (including but not limited to the undertakings set out in Chapter 4) and obligations under the Transaction Documents, and fails to take effective remedial measures within thirty (30) days after the date of receipt of the written notice from the Investor requesting rectification;

(3) any existing shareholder requests to exercise the repurchase rights pursuant to Article 5.9 of the Transition Agreement;

(4) the Target Company is closed down, dissolved, liquidated, has its business license revoked, has entered into any voluntary or compulsory bankruptcy proceedings, or has been declared bankrupt by the court or other Governmental Authority, or engages in other circumstances that seriously affect or may seriously affect its operation capacity and business reputation; or

(5) the combination or merger or acquisition of the Target Company with or into any other entity occurs, as a result of which all shareholders of the Target Company before such combination, merger or acquisition transactions hold less than fifty percent (50%) of equity interest in the surviving entity after such transactions; or the Target Company sells, transfers, charges, pledges or otherwise dispose of all or substantially all of assets of the Group (including the sale or exclusive licensing of all or substantially all of the Group's intellectual property rights to third parties).

5.4.4 If a Party or its affiliate: (i) becomes a restricted party; (ii) is included in the Restricted Parties List; or (iii) violates the anti-corruption law as a result of the Transaction before the Closing Date or from the Closing Date to the completion of the conversion, any other Investor not affected by the foregoing events may terminate this Agreement by giving written notice to other Parties, specifying the effective date of such termination (for the avoidance of doubt, such termination shall not affect the rights and obligations of other Investors hereunder and the rights and obligations of the Company and other Parties in relation thereto).

Article 5.5 Effect of Termination

5.5.1 Upon the termination of this Agreement by the relevant Party hereto in accordance with Article 5.4 above, and unless then otherwise agreed by other Parties, such terminating Party shall return the consideration hereunder received from the other Party on a fair, reasonable and good-faith basis and do its best to restore the Transaction to the state when this Agreement is signed. In particular, if this Agreement is terminated in accordance with paragraph 5.4.3 above, the Convertible Loan Term corresponding to the Investor who exercises the right of termination will expire early, and the Target Company shall immediately repay to such Investor the principal of the Convertible Loan and interest accrued thereon.

5.5.2 Upon termination of this Agreement in accordance with Article 5.4 above, all rights and obligations of each terminating Party hereunder shall cease among the terminating Parties, and each of the aforesaid Parties shall have no other right of claim against the other Parties under or in connection with the termination of this Agreement without prejudice to the liabilities already accrued prior to such termination. Article 5.5, and Chapter 6 to Chapter 10 hereof shall survive after termination of this Agreement.

Chapter 6 Liabilities for Breach of Contract

Article 6.1 General Indemnity

The Guarantors shall be severally and jointly liable for any direct or indirect loss of the Investor as a consequence of violation by any Guarantor of its representations, warranties, undertakings, obligations or any other covenants hereunder, and shall take corresponding measures to hold the Investor harmless from any further loss.

Article 6.2 Special Indemnity

Notwithstanding any other provision of this agreement, in the event that (a) Cayman Co fails to complete the wholly-owned acquisition of US Co in accordance with paragraph 4.2.17 hereof, or (b) the PRC-based Group Company fails to make social insurance and housing provident fund contributions for its employees in accordance with the laws prior to the Closing, or (c) any of the Guarantors breaches the representations and warranties made pursuant to Article 3.1 hereof in respect of any of the following matters, and any losses are incurred directly or indirectly by the Investor as a result of the foregoing, whether or not disclosed to the Investor, the Guarantors shall severally and jointly be liable to the Investor for any such loss, and shall take corresponding measures to hold the Investor harmless from any further losses: (1) disputes between any of the Founders and their former employers; (2) disputes over any intellectual property right of the Group Company; or (3) the Group Company fails to settle the debts (if any) that have fall overdue as of the Closing Date.

Article 6.3 Limit of Indemnity

The Parties acknowledge and agree that, whether or not otherwise agreed herein, all liabilities of the Founders hereunder (including but not limited to the joint liability guarantee for the repayment of the Convertible Loan by the Target Company, and the indemnity liabilities under Articles 6.1 and 6.2 hereof) shall be limited to the then fair value of the entire equity interest in the Group Company directly and indirectly held by the Founders.

Chapter 7 Confidentiality

Article 7.1 Confidential Information

Each Party undertakes to the other Parties that it will not disclose confidential information to any third party without the prior written consent of the relevant party, and each Party shall procure its respective directors, officers, employees, agents, consultants, professional advisers and affiliates and their respective directors, officers, employees, agents, consultants and professional advisers, to comply with the foregoing provision.

Article 7.2 Publicity

After the Closing of the Transaction, if any Party intends to disclose the Transaction to the public at a press conference, industry or professional media, marketing materials or by other means, it shall negotiate with the Investor in advance to confirm the publicity plan (including but not limited to the scope of the disclosable information, and the content of the press release, etc.). Without the prior written consent of the Investor, neither Party shall disclose the Transaction beyond the publicity plan confirmed by the Investor.

Article 7.3 Exceptions

The information disclosed shall not be subject to the restrictions set out in Chapter 7 above if: (1) any information is required to be disclosed or used by the laws or any regulatory authority of the PRC, or is required to be disclosed or used by any judicial proceedings arising from this Agreement or any other agreement entered into hereunder, or is reasonably disclosed to the tax authority, provided that the disclosing party shall discuss with other parties about the disclosure and submission of the information within a reasonable time prior to such disclosure or submission, and shall, if any other Party requests to disclose or submit such information, request the receiving party to treat the disclosed or submitted information in confidence as strictly as possible; (2) any information is in the public domain for reasons not attributable to the Parties hereto; (3) any Party discloses the Transaction to its affiliates, investors, partners, fund managers, investment banks, lenders, accountants, legal advisers, and bona fide potential investors, provided that the individuals or institutions coming to knowledge of the information shall agree to assume the obligations of confidential information not less favorable than those stipulated in this Chapter 7; and (4) any information is disclosed or used with prior written consent of all other Parties.

Chapter 8 Notice

Article 8.1 Means of Notification

Any notice or other communication to be given by one Party to other Parties in connection with this Agreement (the "**Notice**") shall be in writing. For the purpose of serving the notice, the contact details of the Parties are set forth in Appendix D hereto.

Article 8.2 Service

Notices given in any written communications specified in Article 8.1 hereof shall be deemed to have been served as follows: (1) any notice by hand shall be deemed to have been served when it is receipted for by the recipient, otherwise it shall not be deemed to have been validly served; (2) any notice that may be sent by post shall be sent by registered mail or express courier, and shall be deemed to have been served on the seventh (7th) day after the posting; and (3) any notice given by electronic mail shall be deemed to have been served when it is delivered to the recipient

Article 8.3 Change of Address

If the mailing address or number of a Party changes (the "**Changing Party**"), it shall notify other Parties within seven (7) days after the occurrence of such change. If the Changing Party fails to do so in a timely manner, the notice sent by other Parties to the Changing Party at the original address shall be deemed to have been served.

Chapter 9 Governing Law and Dispute Resolution

Article 9.1 Governing Law

The conclusion, validity, performance, interpretation and dispute resolution of this Agreement shall be governed by and construed in accordance with the PRC Law. If the PRC Law in force do not provide for specific matters relating to this Agreement, such matter shall be addressed with reference to general international business practices, to the extent permitted by the PRC Law.

Article 9.2 Dispute Resolution

Any dispute arising out of or in connection with this Agreement (the "**Dispute**") shall be referred by any Party hereto to the China International Economic and Trade Arbitration Commission (the "**CIETAC**") for arbitration in Beijing in accordance with the arbitration rules of CIETAC in force at the time of the application for arbitration. The arbitration tribunal shall consist of three arbitrators. The claimant and the respondent shall have the right to appoint one arbitrator respectively, and the remaining arbitrator shall be determined in accordance with the then prevailing arbitration rules. An arbitration award is final and binding on all parties to the arbitration. The Parties shall remain entitled to their respective other rights hereunder, and shall continue to perform their respective obligations hereunder in the course of dispute resolution.

Chapter 10 Miscellaneous

Article 10.1 Name and Brand of Investor

No other Party shall use, publish or reproduce the name, trade name, trademark, logo and/or brand of the Investor and its affiliates, or purport to be a partner of the Investor or an affiliate of the Investor, or make a similar statement, or declare that any product or service provided by it has been endorsed or supported by the Investor or any of its affiliates, or make a similar statement, without the written consent of the Investor, whether or not the Investor is a then shareholder of the Target Company. Without the written approval of the Investor, no other Party shall procure a third party to be aware of the Investor's investment in the Target Company by way of press release, announcement or other disclosure.

Article 10.2 Entire Agreement and Validity

Exhibits hereto form an integral part of this Agreement and are complementary to and have the same legal effects as the body of this Agreement. This Agreement, other Transaction Documents and exhibits hereto and thereto constitute the entire agreement of the Parties with respect to the Transaction and supersede any prior agreement, letter of intent, memorandum of understanding, representation or other obligation (whether in writing or orally, including various forms of communication) of the Parties with respect to the Transaction, and this Agreement (as altered, supplemented or amended) and other Transaction Documents contain the sole and entire agreements of the Parties in respect of the subject matter hereunder. If any provision of this Agreement is or becomes invalid or unenforceable due to the PRC Law applicable to it, such provision shall be deemed not to exist from the beginning, and shall not affect the validity of the other provisions of this Agreement, and the Parties hereto shall, to the extent permitted by laws, negotiate and conclude a new provision to ensure that the intention of the original provision is achieved to the greatest extent possible.

Article 10.3 Assignment of Rights and Obligations

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The investor has the right to assign and transfer its rights, interests and obligations hereunder to its affiliates. Save as aforesaid, neither party shall assign or transfer any of its rights or obligations hereunder without the prior written consent of other Parties.

Article 10.4 No Waiver

Unless otherwise provided herein, the failure or delay by a Party in exercising its rights, powers or privileges hereunder shall not constitute a waiver of such rights, powers and privileges, and the exercise of such rights, powers and privileges, whether in whole or in part, shall not preclude the exercise of any other rights, powers and privileges.

Article 10.5 Assumption of Expenses

If Investor 1 completes the Closing, or Investor 1 fails to complete the Closing for any reason attributable to any Guarantor, the Target Company shall bear the expenses of Investor 1's external audit and lawyers for business due diligence and evaluation, legal due diligence and drafting of investment documents and other activities for the purpose of the transactions hereunder, provided that the Target Company shall bear the expenses of Investor 1 in aggregate not exceeding three hundred thousand Chinese yuan (RMB300, 000) in accordance with this provision, In addition, each Party shall bear its own costs and expenses incurred in connection with the transactions hereunder.

Article 10.6 Use of Name of Group Company

After the Closing Date, each Group Company hereby grants the Investor and its affiliates a license to use company name, trade name, trademark, product or service name, domain name, pattern mark, marking or/and logo of Group Companies in their respective marketing materials, provided that such use by the Investor and its affiliates shall be limited to the purpose of disclosing investment of Investor 1 in the Group Company.

Article 10.7 Language and Counterpart

This Agreement is written in the Chinese language in seven (7) counterparts with each Party holding one (1) counterpart. Each counterpart shall have the same effect.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, this Convertible Loan Investment Agreement has been duly executed by the undersigned or their duly authorized representatives as of the date first written above.

Beijing X-Charge Technology Co., Ltd.

Beijing X-Charge Technology Co., Ltd. *(seal)*

Signature: /s/ Rui Ding
Name: Rui Ding
Title: Legal representative

XCHG Limited

Signature: /s/ Yifei Hou
Name: Yifei Hou
Title: Director

XCharge Europe GmbH

Signature: /s/ Yifei Hou
Name: Yifei Hou
Title: Managing Director

IN WITNESS WHEREOF, this Convertible Loan Investment Agreement has been duly executed by the undersigned or their duly authorized representatives as of the date first written above.

Rui Ding

Signature: /s/ Rui Ding

Yifei Hou

Signature: /s/ Yifei Hou

Beijing X-Charge Technology Co., Ltd.
Execution page of the Convertible Loan Investment Agreement

IN WITNESS WHEREOF, this Convertible Loan Investment Agreement has been duly executed by the undersigned or their duly authorized representatives as of the date first written above.

Wuxi Shenqi Leye Private Equity Funds Partnership L.P.
(Seal)

Wuxi Shenqi Leye Private Equity Funds Partnership L.P.
(seal)

Signature: /s/ Lihua Fu
Name: Lihua Fu
Position: Representative of Executive Partner

IN WITNESS WHEREOF, this Convertible Loan Investment Agreement has been duly executed by the undersigned or their duly authorized representatives as of the date first written above.

Shell Ventures Company Limited
(Seal)

Signature: /s/ Qi Ren
Name: Qi Ren
Position: Legal representative

Appendix A Definitions

"ODI Formalities"	means the filing and cross-currency exchange formalities for overseas investments by domestic institutions, including but not limited to the filing, registration or approval formalities with the NDRC, the commerce authority, the foreign exchange administration authority and/or the designated foreign exchange banks.
"Confidential Information"	means (a) the following confidential or proprietary information relating to any Group Company or other Party: organization, business, technology, finance, customers, suppliers, transactions or affairs, or their respective directors, officers or employees (whether or not such information is provided in writing, orally or otherwise prior to, on or after the date of this Agreement); (b) all information relating to the Transaction, including the terms of the Transaction Documents, and the identities of the parties to the Transaction and their respective affiliates; and (c) information or materials prepared by or on behalf of a Party that contain or otherwise reflect confidential information or derived from confidential information.
"Transaction"	means the provision of the Convertible Loan by the Investor to the Target Company in accordance with this Agreement, and the performance of all the debt-to-equity swaps in accordance with the terms, conditions and procedures stipulated in this Agreement.
"on a fully diluted basis" or "fully-diluted"	means the number of equity interests then issued or committed and reserved by Cayman Co, all equity interests, option arrangements (if any), warrant arrangements (if any), various arrangements (if any) convertible into equity interests and the effect of anti-dilution provisions (if any) that may be contained in the previous financing (excluding, for the avoidance of doubt, the Reserved Incentive Shares II, etc.).
"Laws"	means the national, international, state, provincial, local or similar statutes, laws, decrees, regulations, rules, standards, orders, directives, administrative regulations and the rules for the issuance and trading of securities on the relevant stock exchanges of China or other countries outside China.
"Anti-Corruption Law"	means (a) the principles stipulated in the Convention on Combating Bribery of Foreign Public Officials in International Business Transaction of the Organization for Economic Co-operation and Development, as well as the explanatory notes to the Convention, and (b) the laws of the countries where places of incorporation, principal places of business, and the places of registration of issues of securities of the Parties are located, and laws of the countries where places of incorporation, principal places of business, and the places of registration of issues of securities of the ultimate parent companies of the Parties are located that prohibit tax evasion, money laundering or other proceeds from criminal or bribery, or provide illegal remuneration, facilitation payments or other benefits to government officials or other personnel.

"**Liabilities**"	means all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, due or outstanding, ascertained or unascertained, including liabilities arising under any law, demand or government order and those arising under any contract, agreement, promise or undertaking.
"Business Day"	means any day other than Saturday, Sunday or other day on which banks in China are required or authorized by the laws of China to close.
"Transition Agreement"	means the shareholders' and convertible loan investors' rights agreement entered into by the Target Company, each of the existing shareholders, the Investors and other interested parties on the same day as the execution date of this Agreement, the form and content of which are set out in Exhibit III.
"Affiliate"	means, with respect to any person, any other person, directly or indirectly, controlling or controlled by or under common control with such person; and, for the avoidance of doubt: (a) in relation to any person who is a natural person, affiliate also includes his/her spouse, parents, children and their spouses, siblings and their spouses, parents of the spouse, siblings of the spouse, parents of the children's spouses, trustees of any trust of which such natural person or his/her immediate family members are beneficiaries or discretionary objects, or any person controlled by the above persons shall also be deemed as an affiliate; (b) in relation to the Investor, affiliates shall include: (i) shareholders of the Investor; (ii) any entity or individual (including, where applicable, any general partner or limited partner) who has a direct or indirect interest in the Investor or any of its fund managers; (iii) any entity or individual that directly or indirectly controls, is controlled by, is under common control with, or is managed by, the Investor or its fund manager; (iv) a relative of any natural person referred to in (i) above; and (v) any trust controlled by or for the benefit of such individuals.
"Related-party Transaction"	means transactions between any Group Company and the following persons (other than transactions between each Group Company): (a) any shareholder, de facto controller, director, supervisor or senior management of any Group Company; and (b) affiliates of the persons referred to in (a) and directors, supervisors or senior management of these affiliates.

"Qualified IPO"	as defined in Article 5.10.1 of the Transitional Agreement.
"Core Employee"	means employees as shown in Appendix E hereto.
"Group"	means all Group Companies.
"Group Company"	means the Target Company, Cayman Co, Xcar Limited, Xcharge HK Limited, Xcharge Europe GmbH, US Co, Shaanxi Yuefeng Ruijia Construction Engineering Co., Ltd., Beijing Yichong Technology Co., Ltd. and other persons (if any) directly or indirectly controlled by the aforementioned entities in the future.
"Transaction Document"	means this Agreement, the Transition Agreement and other legal documents in relation to the closing of the convertible loans (for the avoidance of doubt, excluding any documents such as the shareholders' agreement or articles of association of Cayman Co in relation to the debt-to-equity swap) as provided in this Agreement and all amendments to such documents.
"Control"	means, with respect to the relationship between or among two or more persons, the possession, whether or not actually exercised, directly, indirectly, or as trustee or executor, of the power to direct or cause the direction of business, affairs, management or decision-making of a person, whether through the ownership of equity, voting right or voting securities, or as trustee or executor, and whether by contract, agreements, arrangements, trust arrangements or otherwise, including but not limited to: (a) the direct or indirect ownership of 50 per cent (50%) or more of the issued shares or equity interests of such person; (b) the direct or indirect ownership of 50 per cent (50%) or more of the voting rights of such person; or (c) the direct or indirect right to appoint a majority of the members of the board of directors or similar governing body of such person. **"Controlled by"** and **"under common control with"** shall be interpreted accordingly.

"Trade Control Law"	means applicable trade or economic sanctions or embargoes, restricted parties lists, trade control laws relating to the import and export of goods, re-export, transfer or trade in goods, services or technology, anti-boycott laws and other similar regulations, rules, restrictions, orders or requirements relating to the foregoing, including but not limited to laws, regulations or requirements of EU, the United Kingdom, the United States or other governments applicable to this Agreement or to a party involved in the performance of this Agreement.
"Restricted Party"	means (i) an individual, entity or organization subject to national, regional or multilateral trade or economic sanctions under the trade control law; or (ii) an individual, legal person, entity or organization, including its/her/his affiliates, directors, officers or employees, directly or indirectly owned or controlled by, or acting on behalf of, such individual, entity or organization.
"US Dollars" or **"USD"**	means the lawful currency of the United States.
"Encumbrance"	means any security interest, pledge, charge, lien (including but not limited to tax preference, right of withdrawal and subrogation), lease, license, debt burden, priority arrangement, restrictive undertaking, condition or restriction of any kind, including but not limited to any restriction on the use, voting, transfer, gain or other exercise of any interest in the ownership.
"Renminbi" or "RMB"	means the lawful currency of the PRC.
"Person"	means any individual, partnership, company, limited liability company, joint stock limited company, association, trust, cooperative organization, governmental department, unincorporated organization, other foundation, corporation aggregate, unincorporated organization, or other entity.
"Trade Secret"	means trade secrets, know-how, and other confidential or proprietary technologies, businesses and other information, including business processes, business models, manufacturing and production processes and know-how, research and development information, technologies, drawings, specifications, designs, plans, solutions, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, customer and supplier directories and information, and all rights to restrict the use or disclosure of the foregoing in any jurisdiction.
"Restricted Party"	means (i) an individual, entity or organization subject to national, regional or multilateral trade or economic sanctions under the trade control law; or (ii) an individual, legal person, entity or organization, including its/her/his affiliates, directors, officers or employees, directly or indirectly owned or controlled by, or acting on behalf of, such individual, entity or organization.

"Tax"	means any and all taxes, fees, levies, duties and other charges of any kind levied by the tax authorities or other similar government authorities (together with any and all late fees, fines or penalties, surcharges and additional sums received as a result thereof), including but not limited to taxes or other charges levied on income, royalties, incidental income or other profits, gross income, property, sales, use, wages, employment, social security, unemployment compensation or net worth; taxes or other charges that are of the nature of consumption tax, withholding tax, transfer tax, VAT or business tax; license, registration and documentation fees; and duties, taxes and similar charges.
"Tax Authority"	means any national, international, state, provincial or local government authority having jurisdiction over the administration, assessment, determination, collection or other levies of taxes inside and outside China.
"Loss"	means liabilities, losses, damages, claims, fees and expenses, interest, penalties and taxes.
"Knowledge"	means the maximum extent of knowledge acquired by a person after due investigation.
"Claim"	means any claim, legal proceeding, demand, audit, inquiry, investigation, request, hearing, violation notice, litigation, action, proceeding or arbitration, whether civil, criminal, administrative or otherwise.
"Governmental Authority"	means any international, national, state, provincial, local or other similar government, or governmental, regulatory or executive organ or commission exercising administrative functions or similar governmental authority or any court, tribunal or judicial or arbitration institution in or outside the PRC.
"Governmental Official"	means an officer or employee of any government or government agency (at any level) , ministry or department; any individual exercising official functions of the government regardless of rank or position; officials or employees of companies wholly or partly controlled by the government (such as state-owned oil companies), a political party or any official of a political party; a candidate for any political office, or an officer or employee of any international public organization, such as the United Nations or the World Bank; and the immediate family members (i.e. spouse, dependent children, siblings, parents or family members) of any of the above.

"Government Order"	means any order, writ, judgment, injunction, decree, ruling, decision, verdict or award made, issued or entered by or with any Governmental Authority.
"Intellectual Property Right"	means all rights derived from or relating to the following in the world, whether protected, created or derived under the PRC law or other foreign law: (a) inventions, whether patentable or not, actually used or not or application for patent submitted or not; (b) patents, patent applications, registration of inventions or any improvements thereof; (c) trademarks, service marks, trade descriptions, trade names, company names or goodwill, whether registered or not; (d) copyright (whether registered or not), copyright registration or copyright registration application; (e) software and official account for social media software; (f) trade secrets, business information (whether confidential or not), proprietary technology or non-patented technology; (g) industrial design, whether registered or not; (h) database and data; (i) domain name; (j) any form of carrier of any of the foregoing; (k) any right to acquire or apply for patent rights or registered trademark rights, copyrights and domain names; and (l) the right to claim damages, costs or attorneys' fees in connection with infringement or abuse of any of the foregoing.
"PRC"	means the People's Republic of China, and for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China, and the Taiwan region.
"PRC Law"	means all laws, administrative regulations, rules, regulations, policy documents, and regulations, decisions, and policy documents of the local government or authorities thereof then in force in the PRC.

“Material Adverse Effect”	means, other than those caused by or reasonably expected to be caused by the matters stipulated under the Restructuring Framework Agreement, (a) any guarantor enters bankruptcy proceedings, conducts liquidation, winding-up, restructuring or debt restructuring, and sells material assets; or (b) any Group Company loses any material permits, qualifications, certificates or licenses required for carrying on its business activities; or (c) any circumstances, changes or effects involving any of the Guarantors occurs, which, individually, aggregately, directly or indirectly: (i) have or could reasonably be expected to have a material adverse effect on the existence, business, assets, intellectual property, liabilities (including but not limited to contingent liabilities), financial position, operating results or trading prospects of any Group Company; or (ii) have or could reasonably be expected to have a material adverse effect on the qualification, license or ability of any Group Company to carry on its current business; or (iii) have or could reasonably be expected to have a material adverse effect on the validity, binding effect, and performance of the Transaction Documents or on the Qualified IPO of any Group Company.

Appendix B Registered Capital and Percentage of Shares To Which Shareholders are Entitled as at the Date of This Agreement

Shareholder	Capital commitment (USD)	Paid-up registered capital (USD)	Capital contribution ratio
Rui Ding	1,399,900	1,399,900	20.21%
Yifei Hou	787,435	787,435	11.37%
Beijing X-Charge Management Consulting Center (Limited Partnership)	500,000	500,000	7.22%
Suzhou Eastern Bell III Investment Center (Limited Partnership)	125,000	125,000	1.80%
Suzhou Eastern Bell Longyu Investment Center (Limited Partnership)	125,000	125,000	1.80%
Zhen Partners IV (HK) Limited	530,753	530,753	7.66%
Foshan Hygoal Zhixing XIV Equity Investment Center (Limited Partnership)	291,750	291,750	4.21%
GGV (Xcharge) Limited	863,452	863,452	12.47%
Xiamen Jiyuan Ronghui Investment Management Partnership (Limited Partnership)	294,118	294,118	4.25%
Beijing Foreign Economic and Trade Development Guidance Fund(Limited Partnership)	867,268	867,268	12.52%
Shell Ventures Company Limited	661,476	661,476	9.55%
Beijing China-US Green Investment Center (L.P.)	185,176	185,176	2.67%
Chengdu Peikun Jingrong Venture Capital Partnership (Limited Partnership)	220,492	220,492	3.18%
Chengdu Peikun Songfu Technology Partnership (Limited Partnership)	73,497	73,497	1.06%
Total	**6,925,317**	**6,925,317**	**100.00%**

Appendix C-1 Representations and Warranties of Guarantors

Unless otherwise expressly provided in this Exhibit or the context otherwise requires, the terms used in this Exhibit shall have the same meanings as in this Appendix A. However, for the purposes of this Exhibit, unless otherwise expressly stated, the definition of "**Company**" shall include the Target Company and other Group Company (if any).

1. The Company is a limited liability company duly incorporated under the laws of the place of incorporation. As of the date of this Agreement, the registered capital of the Target Company of USD Twelve Million, Four Hundred and Twenty-Seven Thousand, Nine Hundred and Fifty-Two and Point Ninety-Five (USD12,427,952.95) has been legally paid up.

2. The Founders are Chinese citizens. The Company and the Founders have civil rights and civil capacity to execute this Agreement and other Transaction Documents to which they are parties and perform their obligations thereunder in accordance with applicable laws.

3. The Company and the Founders have validly executed this Agreement and, if executed, other Transaction Documents to which they are parties. As of the Closing Date, the Company and the Founders have obtained all necessary authorizations, permits and approvals (including but not limited to the internal authorization of the Company) for the execution, delivery and performance of the above documents and the rights and obligations thereunder. The Company and the Founders are legally able to enter into this Agreement and other Transaction Documents to which they are parties and perform their obligations thereunder. The obligations and liabilities of the Company and the Founders under this Agreement and other Transaction Documents are legal, valid and enforceable.

4. The execution and performance by the Company and the Founders of this Agreement and other Transaction Documents to which they are parties do not violate the PRC Law; do not contravene articles of associations or other constitutional documents of the Company; and are not in breach of any judgment, ruling, award of arbitration tribunal, administrative decision or order of a court binding on or applicable to the Company or the Founders. Any such execution or performance does not violate any document, contract or agreement to which the Company or any of the Founders is a party or which is binding on the Company or any of the Founders or its assets; and will neither result in a breach of any conditions in relation to the grant and/or continuation of any approval granted to the Company nor result in the termination of, revocation of or additional conditions upon any approval granted to the Company.

5. The Company has all the necessary approvals of Governmental Authority and any third party for the Principal Business. These approvals are in full force and binding and the Company has successfully passed various tests such as annual inspections required for such approvals and there are no circumstances that could result in the revocation, cancellation, restriction, non-renewal or invalidity of such approvals. The Company has been in compliance with the requirements of such approvals and has never engaged in violation of such approvals in any respect. The Company has never received any written or verbal notice from any Governmental Authority that it has violated any of the requirements under any such approval. The Company has never engaged in any business activities without proper approval. In particular, the Company and the Founders acknowledge that the business currently engaged by the Company does not involve any value-added telecommunications business and does not require the application for a value-added telecommunications business license.

6. There is no mortgage, pledge or other encumbrance over the equity interest in the Company. Save as agreed in the Transition Agreement or the Restructuring Framework Agreement, there are no pre-emptive rights, convertible securities, or other outstanding rights, or additional equity commitments in respect of any registered capital of the Company, which would or might subject the Founders or the Company to obligations to dispose of or increase any registered capital of the Company. There is no existing or potential legal dispute or dispute regarding the equity interest in the Company and the property share of Beijing X-Charge Management Consulting Center (Limited Partnership). Save for the Articles of Association, the Transition Agreement, the Restructuring Framework Agreement and other relevant documents signed for the purpose of the Red Chip Restructuring, no legal documents concerning the shareholding or shareholders' rights of the Company were entered into or made between the Founders or between the Founders and third parties.

7. The Company has no branch other than the Group Company, X-Charge Technology (Shenzhen) Co., Ltd. and Beijing X-Charge New Energy Technology Co., Ltd., and does not directly or indirectly own any shares, equity or other interests in any entity (meaning any enterprise, commercial bank, company, limited liability company, partnership, trust, body, joint venture, organization, government agency or any other entity of any kind), or has any other investment or investment commitments.

8. The Company's account books and records are complete. The Founders and the Company has provided to the Investor the consolidated financial statements of the Target Company (the "**Financial Statements**") for the period from the incorporation of the Target Company up to October 31, 2022 (the "**Balance Sheet Date**"), which have been prepared in accordance with the PRC Accounting Standards, and contain all relevant and substantive financial information of the Target Company at the consolidation level. The financial information of the Target Company disclosed in the financial statements as at their respective dates is true, accurate and complete in all respects and does not contain any false or misleading statements, and is in compliance with the accounting standards generally accepted in the PRC. The Company does not have any unrecorded funds, assets or liabilities, and there are no off-balance sheet charges or expenses, and the accumulation and/or utilization of all funds of the Target Company are fully and properly reflected in the financial statements. The balance sheet included in the financial statements (the "**Balance Sheet**") includes a complete and accurate description of all loans, debts, liabilities, guarantees and other contingent liabilities of the Target Company that have occurred or are reasonably expected to occur as of the balance sheet date. Except for the debts reflected in the balance sheet, the Target Company does not have any debt of any nature, whether incurred, ascertained or contingent, and whether or not due or to be due. The Company does not have any contingent liabilities other than those reflected in the financial statements, and neither serves as the guarantor, indemnifier, warrantor or other obligor for any liabilities of the Founders or any other third party, nor provides any guarantee for the debts or benefits of any of the Founders or any other third party. From the balance sheet date to the Closing Date, the Company did not incur any loans, debts, liabilities, guarantees or other contingent liabilities (other than those arising in the ordinary course of business and due to the Restructuring Framework Agreement).

9. Except for the Transaction as provided in this Agreement, the Company has not experienced any of the following circumstances other than events provided in the Restructuring Framework Agreement since the balance sheet date:

(a) any changes in the assets, liabilities, financial position or operating results of the Company as reflected in the financial statements, except for changes arising in the ordinary course of business and having no material adverse effects;

(b) any damage or loss, whether insured or not, that would cause a material adverse effect on the Company;

(c) any waiver or exemption by the Company of its valuable rights or of its material claims;

(d) any discharge or release of any encumbrances, rights, or restrictions on rights or payment obligations of the Company, except for those arising in the ordinary course of business and having no material adverse effect;

(e) sales, exchange or otherwise disposal of any of operational assets by the Company, except for changes that arise in the normal course of business and do not have a material adverse effect;

(f) significant changes in contracts or agreements binding on or against the Company or its assets, except for changes arising in the ordinary course of business and having no material adverse effect;

(g) any material change in the remuneration arrangements or agreements of the management team, directors or shareholders;

(h) the resignation of or termination of employment with any Core Employee;

(i) any pledge, charge, transfer or guarantee or lien of any material property or assets of the Company, except for changes arising in the ordinary course of business and having no material adverse effects;

(j) any prepayment made by the Company to its employees, management team, directors or affiliates of the foregoing, and provision of loans or guarantee by the Company to the foregoing, except for the payment of traveling expenses and other expenses in the ordinary course of business;

(k) any dividend, reservation, contribution or other distribution of the Company's registered capital, or any direct or indirect redemption, purchase, acquisition, increase or reduction of the company's equity;

(l) any sale or transfer of the Company's assets which is reasonably expected to have a material adverse effect;

(m) any other event or circumstance of whatever nature reasonably expected to have a material adverse effect on the Company.

10. The Company has legally entered into lease contracts in respect of all the leased real properties. The lease contracts are legal, valid, binding and enforceable, and there is no breach of contract.

11. The Company legally owns all tangible movable properties necessary for its Principal Business, including all tangible movable properties as reflected in the financial statements, and is able to operate its tangible movable properties independently. The Company has ownership of such tangible movable properties and all tangible movable properties are free from any encumbrance and are in good condition for efficient use. There are no contracts, agreements, undertakings, documents or laws and regulations, governmental regulations, governmental rules, measures, litigation or other legal proceedings that may affect the Company's legal and complete ownership or use of its tangible movable properties. The Company's use or utilization of tangible movable properties for its operations is in compliance with applicable laws and does not infringe on the rights and interests of any third party.

12. Intellectual property and information security

    (a) The Company legally owns the ownership, interests and rights of all intellectual property rights necessary for its Principal Business, and these intellectual property rights does not conflict with or infringe on the intellectual property rights or other rights of any other party, and they are free from encumbrance. No products or services provided by the Company in the course of its operations have been, and will infringe on intellectual property or other rights of any third party.

    (b) The Founders or the Company has not received any notice alleging that it has infringed, or that the business it operates would infringe, on all intellectual property rights or any other rights of any other party. It is not necessary for the Company to use any invention by any employee (or by any person currently proposed to be employed by the Company) prior to employment with the Company. Each employee at the supervisor level or above has signed an agreement with the Company to transfer any intellectual property developed by such employee during his/her work in the Company to the Company and such employees are restricted from disclosing any confidential information of the Company. Any such employee does not or did not exclude his/her inventions or results from the inventions he/she transfers/transferred to the Company. There is no violation of the provisions of these agreements on the part of the employees.

    (c) There are no pending legal proceedings or allegations by the Company that any third party is infringing on or hindering its intellectual property rights, and the Company has no plan to institute such proceedings or allegations. There are also no pending allegations or proceedings by any third party alleging that the Company or any of the Founders is infringing on or hindering its intellectual property rights, and there are no such allegations or proceedings against the Company, any of the Founders or assets owned by them.

    (d) The Company has taken commercially prudent safety measures to protect the value of its intellectual property rights. The collection, use and storage of user information and data by the Company do not violate the PRC Law (including but not limited to the Cybersecurity Law), and the Company has legal and valid rights, titles and interests in such user information and data.

13. The Company is engaged in the Principal Business; and it does not engage in any other business or operational activities. The Founders and their affiliates (other than the Group) neither hold or possess any assets (including real properties, tangible movable properties, intellectual property or other assets) or contracts related to the Principal Business, nor does they employ any personnel engaged in the Principal Business.

14. The Company has been and is in full compliance with all the PRC Laws applicable to its business conduct or operations, and the ownership, management and use of any of its assets and properties or other applicable legal provisions in other jurisdictions (including but not limited to relevant provisions on overseas investment, and taxation, etc.). There has not been any event, circumstance or situation which might reasonably be expected to constitute or directly/indirectly lead to a violation of any of the foregoing laws. Since the date of incorporation of the Company, it has been complying with the applicable laws in relation to all environmental aspects of its business operations, and it does not commit any violation of any such applicable laws.

15. No litigation, arbitration, administrative investigation or other legal or administrative proceedings against the Company or affecting the Company or the properties, rights, rights of license, operations or businesses of the Company is pending or threatened or is likely to be instituted to the knowledge of any of the Founders or the Company; and there is t any event, situation or circumstance that may directly or indirectly result in commencement of any such legal or administrative proceeding or provide a basis for any such legal or administrative proceeding. There is neither order, request, application, decision, ruling, resolution, or other action requiring the Company to be dissolved, bankrupt, closed down, or liquidated or to be in similar position, nor any mortgage, enforcement of judgment or subpoena against assets of the Company. The Company is not insolvent or unable to repay debts.

16. In compliance with various tax regulations, the Company has declared all taxable income in a correct, complete and timely manner in accordance with the provisions of the national and local tax authorities of the PRC or local department competent for tax, and paid all taxes due and payable accordingly. The Company has withheld and paid all taxes that should be withheld and paid by the Company. The Company is neither required to pay any additional taxes nor subject to penalty due to its violation of the relevant tax laws, regulations and rules. The Company has made any provision related to tax payment in its financial statements in accordance with applicable accounting standards; and as of the balance sheet date, the amounts shown on the balance sheets for tax purposes have fully covered all taxes incurred payable by the Company. The Company has not received any notice from the Tax Authority or any other competent authority reminding the Company of paying the unpaid taxes or the tax deficit or requesting the Company to submit any tax return for inspection or audit. There is no outstanding audit, measure, procedure, investigation, dispute or claim, and there is no tax claim that may be made by the Tax Authority or other competent authority against the Company.

17. The material contracts to which the Company is a party are legal, valid, binding and enforceable to the parties thereto, and there is no breach of contract by the Company or other parties to the material contracts in the performance. The Transaction will not cause all material contracts to be subject to the consent or approval of any governmental authorities, institutions, organizations or individuals to maintain their continuous legal validity. In this Agreement, "**material contracts**" means all contracts, agreements, memoranda, letters of intent or other legal documents which are material to the survival, development, finance or business of the Company or which constitute material restrictions on the Company, or the absence of which would have a material adverse effect on the Company's existence, development, financial position or business, whether or not such contracts or agreements are entered into in the ordinary course of business, including but not limited to: (i) any contracts with a transaction amount exceeding one million Chinese yuan (RMB1,000,000), (ii) contracts concerning the transfer, sale, licensing, purchase or disposal of material property or material intellectual property rights of the Company, (iii) exclusive contracts or contracts that restrict the Company's competitiveness, (iv) business contracts with the Company's top ten partners, suppliers and customers, (v) contracts involving equity sales, equity acquisitions, investments, financing, joint ventures, mergers and acquisitions, reorganizations, voting rights arrangements, profit sharing or transfer of control, (vi) contracts creating encumbrance on the Company's equity or material property, etc., and (vii) contracts or agreements with governmental authorities.

18. Labor and social insurance

    (a) Except that the Target Company has not paid social insurance and contributions to the housing provident fund for all employees in accordance with the statutory standards, all PRC companies have been registered with the authorities for social insurance and housing provident fund in accordance with the PRC Law and paid social insurance and contributions to the housing provident fund for all employees in accordance with the statutory standards. The Company does not commit any violation of applicable PRC Laws on labor (including but not limited to labor contracts, wages, working hours, social insurance and housing provident fund contributions, etc.) or any liabilities, contingent liabilities or unpaid fees as required by applicable PRC Laws on labor. The Company has paid the withholding tax for the employees to the relevant Governmental Authority, or has withheld or retained the outstanding amount payable by the employees of the Company (if necessary) for such Governmental Authority. The Company does not have any unpaid wages, taxes, penalties or any amount resulting from the violation of the aforesaid obligations. The Company has no outstanding obligation to pay any payable but not paid monetary compensation, service pay or other similar compensations in connection with the employment.

(b) None of the Core Employees has proposed to terminate their employment with the Company, and none of them is in a position that they cannot continue to be the employees of the Company. At present, the Company has no intention to terminate the employment with any Core Employees. Unless otherwise required by the PRC Law, there is no outstanding compensation or other payment after the termination of the employment between the Company and its employees.

(c) Except as otherwise provided by the applicable laws (including but not limited to social insurance and housing provident fund as provided by China laws), the Company has not participated in, and is not subject to, any other pension, retirement, profit sharing, deferred compensation, bonus, incentive or other employee benefits plans, arrangements, agreements or understandings, and there is no other pension, retirement, profit sharing, deferred compensation, bonus, incentive or other employee benefits plans, arrangements, agreements or understandings to which any employee or former employee who has left the Company (or the beneficiary thereof, if any) is entitled. All companies based in the PRC have been making contributions to social insurance and housing provident funds for their employees in accordance with the PRC Law.

(d) There is neither outstanding labor dispute or controversy nor any potential labor dispute or controversy between the Company and its existing employees or its former employees (if any) .

(e) To the best knowledge of the Guarantors, the Founders and the employees of the Company do not undertake any non-competition obligations to his/her former employer or any other entity. Therefore, there is no existing or potential breach of any agreement with his/her former employer, and there is no existing or potential dispute with his/her former employer, including but not limited to infringement of the intellectual property or trade secrets of his/her former employer. They do not violate any non-competition restrictions with his/her former employer and no inducement to his/her former employer's employees.

(f) The Core Employees of the Company are not subject to any contract (including license, undertaking or other obligations) or any order, judgment or order of any Governmental Authority or court other than the contract signed between the Core Employees and the Company, which materially affects the Core Employees' ability to serve the interests of the Company or will be in conflict with the business of the Company.

(g) Any Founder and Core Employees do not directly or indirectly hold any proportion or number of equity or shares in any other business entity that is the same as, similar to or in any other competitive relationship with the Company's Principal Business (except for holdings of up to 1°% equity interest in a listed company), and does not hold any position in any business entity other than the Company and its subsidiaries that is the same as, similar to or in any other competitive relationship with the Company's Principal Business. In the past three (3) years, none of the Core Employees: (i) has been convicted or is in the process of trial (excluding traffic violations); (ii) has been permanently or temporarily prohibited from acting as the legal representative, senior management or director of any other target company pursuant to any order, judgment or decree of any court of competent jurisdiction (which has not been revoked or suspended); (iii) has been rendered a judgment by a competent court or other competent authority in contravention of any securities law, trade law or unfair trade law and such judgment or ruling has not been revoked or suspended.

(h) None of the Founders and, to the best knowledge of the Company, the Core Employees, directly or indirectly, holds any equity interest in any person other than the Company, and they are not employed by any person other than the Company, or hold any position in or provide any services to them.

19. Any transactions (if any) between the Company and any affiliates (including but not limited to the Founders and their affiliates), current or former employees, directors, consultants or affiliates of any of the foregoing (collectively "**Related Person**") since the incorporation of the Company are fair, and there is no unfair or illegal related transactions between any Related Person and the Company by taking advantage of their affiliate status. As of the Closing Date, save for Rui Ding Related Loan, the Company neither had any contracts, agreements or other transactions with any Related Person that were still in force or had not been completed, nor did it had any claims, liabilities and other receivables (excluding, for the avoidance of doubt, any contracts, agreements, transactions, claims, liabilities or any other receivables payable related to labor).

20. None of the Founders and their affiliates directly or indirectly operates, participates in or owns any business which is the same as, similar to or in any other competitive relationship with the Principal Business; and none of the Founders and their affiliates directly or indirectly holds any tangible or intangible assets that are necessary for the Company to conduct its Principal Business. None of the Founders directly or indirectly holds any proportion or number of equity, shares or related interests in any other business entity that is the same as, similar to or in any other competitive relationship with the Company's Principal Business (except for holding not more than 1% equity interest in a listed company).

21. In the past five (5) years, none of the Founders as natural persons: (i) has been convicted or is in the process of trial (excluding traffic violations); (ii) has been permanently or temporarily prohibited from acting as the legal representative, senior management or director of any company pursuant to any order, judgment or decree of any court of competent jurisdiction (which has not been revoked or suspended); (iii) has been rendered a judgment by a competent court or other competent authority in contravention of any securities law, trade law or unfair trade law and such judgment or ruling has not been revoked or suspended.

22. The Guarantors represent and warrant to the Investor that, in connection with the Transaction,

(a) no payment, gift, promise or other benefit has been paid, offered or authorized to be given, directly or through any other person or entity, by any officer, agent or employee engaged by or acting on behalf of the Guarantor to any Governmental Official or entity or other person, which would violate the Anti-Corruption Law or any other applicable law, or cause another party to violate the Anti-Corruption Law;

(b) no officer, agent or employee engaged by or acting on behalf of the Guarantor has requested, agreed to receive or accepted, directly or through any other person or entity, any payment, gift, promise or other benefit that is in violation of the Anti-Corruption Laws or any other applicable laws;

(c) the Guarantor does not violate any trade control laws and is not a Restricted Party;

(d) neither the Guarantor nor any of officers, agents or employees engaged by the Guarantor or acting on behalf of the Guarantor is or has been involved in any formal investigation or other action taken by the relevant authorities in connection with any alleged violation of the Trade Control Law or the Anti-Corruption Law;

(e) unless otherwise notified in writing to the other party, to the best of his knowledge through reasonable care, none of the officers, agents or employees engaged by the Guarantor or acting on behalf of the Guarantor is a Governmental Official;

(f) the information provided by each party to the other party about the ultimate beneficial ownership of each party is accurate;

(g) the Guarantor (and any person acting on behalf of the Guarantor) carries on its business in accordance with the Anti-Corruption Law and the Trade Control Law, and has not engaged in any act or action that violates the Trade Control Law or is prohibited by any Trade Control Law;

(h) to the best of its knowledge, the Guarantor has disclosed to the Investor any internal or external investigations conducted by the relevant authorities in respect of potential or actual violations of the Anti-corruption Law or Trade Control Law in relation to the business;

(i) As of the Closing Date, the Company and its business operations have maintained sufficient written policies and procedures to ensure compliance with the Anti-Corruption Law and the Trade Control Law;

(j) As of the Closing Date, the Company and its business operations have always maintained sufficient internal control, including but not limited to using reasonable efforts to ensure that all transactions are accurately recorded and reported in the books and records to reflect their relevant activities, such as the purpose of the transaction, the counterparty, the transaction partner or the transaction subjects.

23. Beijing Dingchong Technology Co., Ltd. has not actually commenced business operation after its incorporation, therefore it does not pose horizontal competition to the Company.

24. From the date of this Agreement to the Closing Date, there were no events, facts, conditions, changes or other circumstances which have or may reasonably be expected to have a material adverse effect on the assets, liabilities, earnings prospects and normal operations of the Company.

25. The Founders and the Company have truthfully and completely disclosed to the Investor all the information, documents and materials required by the Investor, the information, documents and materials that are substantially related to the performance of this Agreement by the Founders and the Company, and the information, documents and materials that have a substantial impact on the willingness of the Investor to execute this Agreement. The information, documents and materials disclosed by the Founders and the Company to the Investor are true, accurate and complete, and do not contain untrue or misleading statements. The Founders and the Company have notified the Investor at any time after the execution of this Agreement of any circumstances that come to their knowledge and would render the representations, undertakings or warranties they made under this Agreement untrue, incorrect or incomplete, and have taken such steps as may be reasonably required by the Investor to remedy or announce such circumstance. The Founders and the Company do not knowingly or willfully omit or refuse to provide the Investors with any information that the Founders and the Company reasonably believe will affect the Investors' willingness to proceed with the Transaction in accordance with the terms of this Agreement.

Appendix C-2 Representations and Warranties of Investors

1. The Investor is an entity duly incorporated under the PRC Law and is validly existing. The Investor has the capacity for civil rights and civil conduct under the PRC Law to execute this Agreement and other Transaction Documents to which it is a party and to perform its obligations thereunder.

2. The Investor has validly executed this Agreement and other Transaction Documents to which it is a party (if executed). As of the Closing Date, the Investor has obtained all necessary authorizations, permits and approvals (including but not limited to internal authorizations) for its execution, delivery and performance of the above documents and the rights and obligations thereunder.

3. The source of funds for the Transaction is in compliance with laws and regulations. The Investor participated in the Transaction for its own investment purpose, and it has no arrangement for any form of shareholding entrustment with any third party.

Appendix E List of Core Employees

Exhibit I Confirmation of Satisfaction of Conditions Precedent to Closing

Exhibit II [Reserved]

Beijing X-Charge Technology Co., Ltd.
Appendix to the Convertible Loan Investment Agreement

Exhibit V Key Operating Data of Group Company

Exhibit 10.9

Strictly confidential

Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and is the type the registrant treats as private or confidential. Such omitted information is indicated by brackets ("[***]") in this exhibit.

Adjustment Agreement on the Convertible Loan Investment

This Adjustment Agreement on the Convertible Loan Investment (the "**Agreement**") is made and entered into as of May 27, 2024 (the "**Execution Date**") by and among the following parties in Beijing, China:

A. **Beijing X-Charge Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China with its registered address at Room 1147, No 1, 1F, Building 2, Yard 9, An Ning Zhuang West Road, Haidian District,. Beijing China (the "**Target Company**");

B. **XCHG Limited**, a limited liability company established under the laws of the Cayman Islands, with its registration number: 384991 (the "**Cayman Company**");

C. **XCharge Europe GmbH**, a limited liability company established under the laws of Germany;

D. **Rui Ding**, a natural person with Chinese citizenship, ID Card No.: [***]

E. **Yifei Hou**, a natural person with Chinese citizenship, ID Card No.: [***] and

F. **Shell Ventures Company Limited**, a limited liability company established and validly existing under the laws of China with its registered address at Floor 8, Building 1, 818 Shenchang Road, Minhang District, Shanghai (the "**Shell Ventures**").

The above parties are hereinafter individually referred to as a "**Party**" or collectively as "**Parties**".

Recital

WHEREAS, the Parties and other relevant parties entered into a Convertible Loan Investment Agreement (the "**Convertible Loan Investment Agreement**") on June 20, 2023, pursuant to which Shell Ventures shall provide a convertible loan to the Target Company in the principal amount of RMB15,000,000 (the "**Shell Ventures Convertible Loan**") subject to the terms and conditions of the Convertible Loan Investment Agreement, and the Shell Ventures Convertible Loan will be converted into shares of the Cayman Company or the Target Company pursuant to the terms and conditions of the Convertible Loan Investment Agreement.

WHEREAS, Shell Ventures provided the Shell Ventures Convertible Loan to the Target Company on July 7, 2023 (the "**Convertible Bond Delivery Date**").

WHEREAS, the Parties wish to further agree upon certain arrangements with respect to the Shell Ventures Convertible Loan.

NOW, THEREFORE, in the spirit of mutual benefit and friendly negotiation, the Parties hereby agree as follows:

Adjustment Agreement on the Convertible

Chapter 1 Adjustment Arrangement on the Convertible Loan Investment

Article 1.1 Adjustment Arrangement on the Convertible Loan Investment

Notwithstanding anything to the contrary in the Convertible Loan Investment Agreement or any other document relating to the Shell Ventures Convertible Loan, the Parties agree that the following adjustments shall be made to the arrangements with respect to the Shell Ventures Convertible Loan and shall be binding on the Parties from April 7, 2024 (the "**Effective Date**"):

(1) The Parties agree that, effective as of the Effective Date, the repayment arrangements for the Shell Ventures Convertible Loan shall be adjusted as follows:

The Target Company shall repay to Shell Ventures the full amount of the principal and interest of the Shell Ventures Convertible Loan in a lump sum on the repayment date as determined in accordance with items (a) or (b) below (as applicable), where the principal is RMB15,000,000 and the interest is RMB1,126,027 (calculated at a simple annual interest rate of ten percent (10%), accruing daily and calculated based on the actual number of days in a year (365 days)), from the Convertible Bond Delivery Date to the end of the 9th month after the Convertible Bond Delivery Date) (collectively, the "**Shell Ventures Convertible Bond Principal and Interest**"). Once the Target Company has made such payment of the Shell Ventures Convertible Bond Principal and Interest to Shell Ventures, it shall be deemed that the Target Company has fully repaid all principal and interest due on the Shell Ventures Convertible Loan.

a. If the Cayman Company completes its Qualified Initial Public Offering (having the meaning of "Qualified IPO" in the IRA (as defined below)) no later than September 30, 2024, and the amount raised in such Qualified Initial Public Offering is not less than USD20,000,000, the Target Company shall repay the Shell Ventures Convertible Loan Principal and Interest to Shell Ventures on the one hundred and eightieth (180th) day from the date on which the Cayman Company completes its Qualified Initial Public Offering (or on such other date as may be mutually agreed in writing by the Target Company and Shell Ventures); or

b. If the Cayman Company fails to satisfy all the conditions set forth in item (a) above by September 30, 2024, the Target Company shall repay the Shell Ventures Convertible Loan Principal and Interest to Shell Ventures on October 15, 2024 (or on such other date as may be mutually agreed in writing by the Target Company and Shell Ventures).

In the event of a late repayment, a simple annual interest rate of twelve percent (12%) shall be charged on the overdue principal amount of the Convertible Loan from the date of the late repayment.

(2) The Parties agree that, effective as of the Effective Date, Shell Ventures shall not be entitled to, nor shall it be obliged to, convert any or all of the principal and/or interest of the Shell Ventures Convertible Loan into shares or equity of the Cayman Company or the Target Company, and the Cayman Company or the Target Company shall have no obligation to issue any shares or equity to Shell Ventures in respect of the Shell Ventures Convertible Loan or to take any action or execute any document in connection therewith. The Parties agree that the Warrant to Purchase Series B+ Preference Shares (the "**Shell Ventures Warrant**") issued to Shell Ventures by the Cayman Company in respect of the Shell Ventures Convertible Loan prior to the signing of the Agreement shall terminate on April 7, 2024.

(3) The Parties agree that, effective as of the Effective Date, in light of the Shell Ventures' lack of right (and obligation) to convert any or all of the principal and/or interest of the Shell Ventures Convertible Loan into shares or equity of the Cayman Company or the Target Company, Shell Ventures shall not be entitled to any rights, privileges or preferences as a holder of the Shell Ventures Warrant in connection with the Shell Ventures Convertible Loan in the Cayman Company or any other group company (having the same meaning as in the Convertible Loan Investment Agreement) or any other priority, consent rights, or other rights or privileges as a convertible bond investor in connection with the Shell Ventures Convertible Loan (including but not limited to rights as a "Warrant Holder" or "Series B+ Warrant Holder" under the Cayman Company's Amended and Restated Investors' Rights Agreement (the "**IRA**") and its Second Amended and Restated Memorandum and Articles of Association, as well as the consent rights under Sections 4.1 (Transition Period Commitment) and 4.2 (Post-delivery Commitment) of the Convertible Loan Investment Agreement). For the avoidance of doubt, Shell Ventures' right to demand repayment of the Shell Ventures Convertible Bond Principal and Interest in accordance with the terms of the Agreement shall not be affected.

(4) The Parties agree that, effective as of the Effective Date, the repayment arrangements for the Shell Ventures Convertible Bond Principal and Interest and the arrangements regarding conversion shall be governed by the provisions of items (1) to (3) above of this Article 1.1, and Shell Ventures shall have no right to demand that the Target Company, and the Target Company shall have no obligation to, repay to Shell Ventures the principal and/or interest of the Shell Ventures Convertible Loan in accordance with the terms of the Convertible Loan Investment Agreement, and such adjustments shall not be deemed to constitute a breach by any Party, and no other Party shall be entitled to claim payment of any late interest, damages or other liabilities for breach of contract in respect thereof.

(5) The Parties agree that, to effect the provisions set forth in this Article 1.1, the Parties shall cooperate with each other in taking all necessary actions and executing all necessary documents, including but not limited to, cooperation between Shell Ventures and the Cayman Company in signing a termination agreement for the Shell Ventures Warrant.

Article 1.2 Termination of Convertible Loan Investment Agreement on the Part of Shell Ventures

The Parties agree that the Convertible Loan Investment Agreement shall be terminated only on the part of Shell Ventures upon full repayment of the Shell Ventures Convertible Bond Principal and Interest by the Target Company to Shell Ventures, and no other Parties shall have any obligation to bear any responsibility for Shell Ventures arising from the termination of the Convertible Loan Investment Agreement. Upon termination of the Convertible Loan Investment Agreement on the part of Shell Ventures, all rights and obligations of Shell Ventures under the Convertible Loan Investment Agreement shall terminate. Furthermore, the rights and obligations of each Party under the Convertible Loan Investment Agreement to the Shell Ventures shall terminate, except for the liabilities already incurred under the Convertible Loan Investment Agreement prior to its termination. Upon the termination of the Convertible Loan Investment Agreement on the part of Shell Ventures, Article 5.5 and Chapters 6 to 10 of the Convertible Loan Investment Agreement shall continue to be valid for the Parties.

Chapter 2 Effectiveness, Supplement, Amendment, Modification, and Termination of the Agreement

Article 2.1 Effectiveness of the Agreement

The Agreement shall enter into effect retroactively from the Effective Date upon execution by the Parties or their duly authorized representatives.

Article 2.2 Supplement of the Agreement

For any matters not covered by the Agreement, the Parties shall enter into a supplemental agreement after mutual consultation. Any supplemental agreement shall have the same legal effect as the Agreement.

Article 2.3 Amendment and Modification of the Agreement

The Agreement may be amended or modified with the mutual consent of the Parties. Any amendment or modification shall be made in writing and shall enter into effect upon execution by the Parties or their duly authorized representatives.

Article 2.4 Termination of the Agreement

The Agreement may be terminated by mutual written consent of the Parties. Upon termination, all rights and obligations of the Parties under the Agreement shall cease to exist, but this shall not affect any liabilities already incurred before termination. This Article and Chapters 3 to 4 of the Agreement shall survive the termination of the Agreement.

Chapter 3 Governing Law and Dispute Resolution

Article 3.1 Governing Law

The entering into, effect, performance, interpretation, and dispute resolution hereof shall be governed by and construed in accordance with the laws of China. However, if the effective laws of China do not provide for specific matters related to the Agreement, general international business practices shall be referred to within the scope permitted by laws of China.

Article 3.2 Dispute Resolution

Any dispute arising out of or in connection with the Agreement (the "**Dispute**") may be submitted by any Party to the China International Economic and Trade Arbitration Commission (CIETAC) for arbitration in Beijing in accordance with the CIETAC's arbitration rules in effect at the time of application for arbitration. The arbitration tribunal shall consist of three arbitrators, with the applicant and respondent each having the right to appoint one arbitrator, and the other arbitrator being appointed according to the arbitration rules in effect at that time. The arbitration award shall be final and binding on the parties to the arbitration. During the Dispute resolution process, each Party shall continue to hold its other rights under the Agreement and shall continue to perform its relevant obligations under the Agreement.

Chapter 4 Other Matters

Article 4.1 Entirety and Validity

The Agreement constitutes the entire agreement between the Parties with respect to the matters set forth herein (including, but not limited to, the repayment of Shell Ventures Convertible Bond Principal and Interest and the arrangements regarding the conversion of the Convertible Loan), and supersedes any prior agreements, letters of intent, memorandums of understanding, representations or other obligations (whether written or oral, including all forms of communication) among the Parties with respect to such matters. In the event of any conflict between any provisions of the Agreement and the Convertible Loan Investment Agreement with respect to Shell Ventures and/or Shell Ventures Convertible Loan, the Agreement shall prevail.

If any provision of the Agreement is held to be invalid or unenforceable under the laws of China applicable to such provision, then such provision shall be deemed to be severed and shall not affect the validity of the remaining provisions of the Agreement. The Parties shall negotiate in good faith to replace such provision with a valid and enforceable provision that achieves, to the greatest extent possible, the original intent of the severed provision.

Article 4.2 Assignment of Rights and Obligations

The Agreement shall be binding upon and inure to the benefit of the successors and assigns of each Party hereto, provided that no party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other Parties.

Article 4.3 Language and Copies

The Agreement is made in Chinese and in six (6) counterparts, with each Party holding one (1) copy, and each copy shall have the same effect.

Article 4.4 Other Provisions

Chapter 7 (*Confidentiality*) and Chapter 8 (*Notice*) of the Convertible Loan Investment Agreement shall apply to the Agreement after appropriate adjustments, except that the contact information for Shell Ventures shall be modified as follows:

Shell Ventures:

Address: [***]

Attn: [***]

Tel.: [***]

E-mail: [***]

IN WITNESS WHEREOF, the Parties hereto have executed the Adjustment Agreement on the Convertible Loan Investment or have caused the same to be executed by their respective duly authorized representatives as of the date first written above.

Beijing X-Charge Technology Co., Ltd. (seal)

Signed by: /s/ Rui Ding

Name: Rui Ding

Title: Legal representative

XCHG Limited

Signed by: /s/ Yifei Hou

Name: Yifei Hou

Title: Director

XCharge Europe GmbH

Signed by: /s/ Rui Ding

Name: Rui Ding

Title: Director

IN WITNESS WHEREOF, the Parties hereto have executed the Adjustment Agreement on the Convertible Loan Investment or have caused the same to be executed by their respective duly authorized representatives as of the date first written above.

Rui Ding

Signed by: /s/ Rui Ding

Yifei Hou

Signed by: /s/ Yifei Hou

IN WITNESS WHEREOF, the Parties hereto have executed the Adjustment Agreement on the Convertible Loan Investment or have caused the same to be executed by their respective duly authorized representatives as of the date first written above.

Shell Ventures Company Limited (seal)

Signed by: /s/ Sandra Zhou

Name: Sandra Zhou

Title: Director

Beijing X-Charge Technology Co., Ltd.
Signature page for the Convertible Loan Investment Adjustment Agreement

Exhibit 10.10

PRIVATE AND CONFIDENTIAL

Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and is the type the registrant treats as private or confidential. Such omitted information is indicated by brackets ("[***]") in this exhibit.

WARRANT TERMINATION AGREEMENT

This Warrant Termination Agreement (this "**Agreement**") is entered into as of May 27, 2024 (the "**Execution Date**") by and between the following parties:

A. XCHG Limited, an exempted company incorporated with limited liability under the laws of Cayman Islands (the "**Company**"); and

B. Shell Ventures Company Limited (壳牌资本有限公司), a limited liability company incorporated under the laws of the People's Republic of China ("**Shell**").

The Company and Shell are collectively referred to as the "**Parties**", and each, a "**Party**".

RECITALS

WHEREAS, the Parties and certain other parties have executed a Convertible Loan Investment Agreement (可转债投资协议) on June 20, 2023 (the "**CB Agreement**"), pursuant to which, Shell provided Beijing X-Charge Technology Co., Ltd. (北京智充科技有限公司) with a convertible loan in a total principal amount of RMB15,000,000 (the "**Shell Convertible Loan**").

WHEREAS, pursuant to the CB Agreement, the Parties and certain other parties have executed a Warrant Subscription Agreement on August 4, 2023 (the "**WSA**"). Pursuant to the CB Agreement and the WSA, the Company has issued to Shell a Warrant to Purchase Series B+ Preference Shares on August 7, 2023 (the "**Warrant**").

WHEREAS, the Parties intend to adjust certain arrangements relating to the Shell Convertible Loan and to execute an Adjustment Agreement on the Convertible Loan Investment (《关于可转债投资的调整协议》) accordingly on or about the Execution Date (the "**Adjustment Agreement on the Convertible Loan Investment**").

WHEREAS, the Parties intend to terminate the Warrant effective from April 7, 2024 (the "**Effective Date**").

Capitalized terms used herein without definition shall have the meanings ascribed to them in the Warrant.

AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1. Termination of Warrant

Notwithstanding anything to the contrary in the Warrant, the CB Agreement, the WSA, or any other agreements and documents in connection with the Shell Convertible Loan (collectively, the "**Transaction Documents**"), effective as of the Effective Date, the Parties hereby agree as follows:

(a) The Parties agree that, effective as of the Effective Date, Shell is not entitled or obliged to convert all or a portion of the principal amount or the interests of the Shell Convertible Loan into any shares of the Company.

(b) The Parties agree that, the Warrant shall, effective as of the Effective Date, be hereby unconditionally and irrevocably terminated in its entirety without any compensation whatsoever to Shell. Upon termination, the Warrant shall be of no further force or effect whatsoever upon Shell or the Company, and neither Shell nor the Company shall have any further rights, obligations, or liabilities under the Warrant.

(c) Each Party agrees that the termination of the Warrant shall not be deemed to be a breach of any Transaction Documents by the other Party. Shell agrees that it is not entitled to require the Company to, and the Company is not obligated to, issue any warrant with respect to the Shell Convertible Loan. Each Party agrees to release, acquit and discharge the other Party from any and all claims, liabilities, actions or losses of any nature whatsoever arising out of or relating to the termination of the Warrant or the failure to exercise the Warrant.

(d) The Parties agree that, effective as of the Effective Date, Shell shall not be entitled to any rights, privileges or preferences as a holder of the Warrant or any other rights, privileges or preferences in connection with the Warrant or the Warrant Shares, including without limitation, any rights, privileges or preferences of a "Warrant Holder" or a "Series B+ Warrant Holder" under the Amended and Restated Investors' Rights Agreement of the Company and the Second Amended and Restated Memorandum and Articles of Association of the Company.

2. Effectiveness. This Agreement shall become effective from the Effective Date upon execution of this Agreement by the Parties.

3. Termination of this Agreement. This Agreement may be terminated by mutual written consents of the Parties.

4. Transfer. This Agreement and any rights or obligations hereunder of any Party shall not be transferred without the written consent of the other Party.

5. Amendments and Waivers. Any term of this Agreement may be amended or waived only with the mutual written consents of the Parties.

6. Entire Agreement. This Agreement and the Adjustment Agreement on the Convertible Loan Investment, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof, and shall supersede any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the Parties respecting the subject matter hereof; *provided*, *however*, that nothing in this Agreement shall be deemed to terminate or supersede the provisions of confidentiality and non-disclosure agreements entered into prior to the date of this Agreement, and such confidentiality and non-disclosure agreements shall continue in full force and effect until terminated in accordance with its terms contained therein.

7. Governing Law. This Agreement shall be governed by and construed under the laws of Hong Kong, without regard to principles of conflict of laws thereunder.

8. **Dispute Resolution**. The parties hereto agree to use reasonable efforts to resolve any disputes arising out of or relating to this Agreement through consultation. In the event that the parties are unable to resolve a dispute arising hereunder within thirty (30) days after the issuance of notice with respect to the aforementioned consultation by any party hereof to any other party, such dispute (including any dispute relating to the existence, validity, interpretation, performance, breach or termination of this Agreement or any dispute regarding non-contractual obligations arising out of or relating to this Agreement) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") under the HKIAC Administered Arbitration Rules in force when the notice of arbitration is submitted. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three (3). The arbitration proceedings shall be conducted in English. The governing law of this arbitration clause shall be the Laws of Hong Kong. The parties hereto agree that any award rendered by the arbitral tribunal may be enforced by any court having jurisdiction over the parties or over the parties' assets wherever the same may be located. All fees, costs and expenses (including attorney's fees and expenses) incurred by any party in connection with the arbitration shall be borne by the losing party, or the party as designated by the tribunal. To the extent that any party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction or any court or from set-off or any legal process (whether service or notice, attachment prior to judgment, execution of judgment or otherwise) with respect to itself or any of its assets, whether or not held for its own account, such party hereby irrevocably and unconditionally waives and agrees not to plead or claim such immunity in any disputes arising out of or relating to this Agreement. Nothing in this Section 8 shall be construed as preventing any party from seeking an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction pursuant to Section 8.

9. **Miscellaneous**

(a) Each Party agrees that it shall cooperate with the other Party on taking all necessary actions and executing all necessary documents to consummate and make effective the transactions contemplated by this Agreement, including without limitation that each Party shall cooperate with the other Party on executing the Adjustment Agreement on the Convertible Loan Investment.

(b) Section 7.3 (*Confidentiality and Non-Disclosure*) of the WSA and Sections 10 (*Successors and Assigns*), 12 (*Notices*), 14 (*Severability*) and 15 (*Counterparts; Facsimile*) of the Warrant shall apply to this Agreement *mutatis mutandis*, provided that the address of Shell shall be amended as follows:

If to Shell:

Address: [***]

Attention: [***]

Phone: [***]

Email: [***]

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

THE COMPANY:

XCHG Limited

By: /s/ Yifei Hou
Name: Yifei Hou (侯亦飞)
Title: Director

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

SHELL:

Shell Ventures Company Limited (壳牌资本有限公司) (Seal)

By: /s/ Sandra Zhou
Name: Sandra Zhou (周芙羽)
Title: Director

SIGNATURE PAGE TO THE WARRANT TERMINATION AGREEMENT

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated June 10, 2024, with respect to the consolidated financial statements of XCHG Limited, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG Huazhen LLP

Beijing, China
June 10, 2024