As filed with the Securities and Exchange Commission on February 1, 2024.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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)

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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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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.

The information in this preliminary prospectus is not complete and may be changed. We may not sell the securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting any offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

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 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 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.

As of the date of this prospectus, we have not transferred any cash proceeds or other assets to any of our subsidiaries except for the cash transfers within our Group in connection with the Restructuring. See "Corporate History and Structure — Restructuring" for details of the cash transfers. Other than the Restructuring (as defined herein), 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, 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.

Energy for the EV Revolution

Global Leader in Integrated EV Charging Solutions

A Leading Supplier
In 2022 European DC fast charger market[1]

1,934
DC Fast Chargers Sold in 2022

124%
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 2022, according to Frost & Sullivan
(2) From audited financials for 2021 and 2022
(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

TABLE OF CONTENTS

	PAGE
PROSPECTUS SUMMARY	1
IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY	9
CONVENTIONS WHICH APPLY TO THIS PROSPECTUS	10
THE OFFERING	11
OUR SUMMARY CONSOLIDATED FINANCIAL DATA	14
RISK FACTORS	17
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA	47
USE OF PROCEEDS	48
DIVIDEND POLICY	49
CAPITALIZATION	50
DILUTION	53
ENFORCEABILITY OF CIVIL LIABILITIES	55
CORPORATE HISTORY AND STRUCTURE	57
SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION	62
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	65
INDUSTRY	85
BUSINESS	92
REGULATION	104
MANAGEMENT	117
PRINCIPAL SHAREHOLDERS	123
RELATED PARTY TRANSACTIONS	126
DESCRIPTION OF SHARE CAPITAL	128
DESCRIPTION OF AMERICAN DEPOSITARY SHARES	142
SHARES ELIGIBLE FOR FUTURE SALE	150
TAXATION	152
UNDERWRITING	158
EXPENSES RELATED TO THIS OFFERING	171
LEGAL MATTERS	172
EXPERTS	173
WHERE YOU CAN FIND ADDITIONAL INFORMATION	174
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS	F-1
PART II INFORMATION NOT REQUIRED IN THE PROSPECTUS	II-1
XCHG LIMITED EXHIBIT INDEX	II-7

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 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 2022, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, North America 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$90.0 billion by 2026.

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, North America 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 September 30, 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 in 2024.

In 2021, 2022, the nine months ended September 30, 2022 and 2023, we recognized revenue on 807, 1,934, 1,282 and 1,443 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million, US$19.2 million and US$28.0 million, respectively, and our gross margin was 35.2%, 36.4%, 36.4% and 44.2%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million, net income of US$0.7 million and net loss of US$6.7 million in 2021, 2022, the nine months ended September 30, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, and adjusted net income of US$1.8 million, US$0.8 million and US$1.6 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.

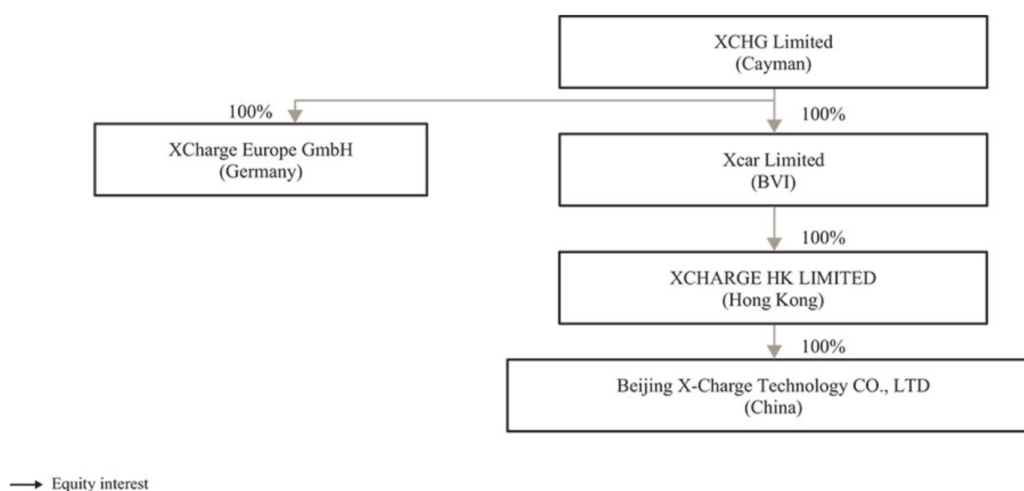
We trace our history back to the founding of X-Charge Technology, a private limited liability company incorporated under the laws of PRC in 2015, which owns 100% equity interests in XCharge Europe prior to the consummation of the Restructuring. XCharge Europe was established in 2018 in Germany. We currently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

Restructuring

In connection with this offering, we have recently 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, after giving effect to the consummation of the Restructuring.



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.

As of the date of this prospectus, we have not transferred any cash proceeds or other assets to any of our subsidiaries except for the cash transfers within our Group in connection with the Restructuring. See "Corporate History and Structure — Restructuring" for details of the cash transfers. Other than the Restructuring (as defined herein), 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, 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 electric vehicles (“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 EUR1.0584 to US$1.00 and RMB7.2960 to US$1.00, the exchange rates set forth in the H.10 statistical release of the Federal Reserve Board on September 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 and 2022, summary consolidated balance sheets data as of December 31, 2021 and 2022 have been derived from audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of comprehensive income (loss) and cash flows data for the nine months ended September 30, 2022 and 2023, summary consolidated balance sheets data as of September 30, 2023 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial statements. 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Revenues	13,156	100.0	29,424	100.0	19,179	100.0	27,994	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(12,190)	(63.6)	(15,627)	(55.8)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	**6,989**	**36.4**	**12,367**	**44.2**
Operating expenses:								
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(2,481)	(12.9)	(4,018)	(14.4)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(1,951)	(10.2)	(2,599)	(9.3)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(1,866)	(9.7)	(11,846)	(42.3)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	**(6,298)**	**(32.8)**	**(18,463)**	**(66.0)**
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	**719**	**3.8**	**(5,666)**	**(20.2)**
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	**700**	**3.7**	**(6,704)**	**(23.9)**
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	**713**	**3.7**	**(6,709)**	**(24.0)**
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	**3,842**	**20.0**	**(6,123)**	**(21.9)**

Summary Consolidated Balance Sheets

	As of December 31,		As of September 30,
	2021	2022	2023
	US$	US$	US$
	(in thousands)		
Cash and cash equivalents	4,795	8,338	16,381
Restricted cash	33	332	221
Accounts receivable, net	4,320	7,560	8,874

	As of December 31,		As of September 30,
	2021	2022	2023
	US$	US$	US$
	(in thousands)		
Amounts due from related parties – current	21	3,611	712
Inventories	3,233	6,230	5,083
Prepayments and other current assets	1,557	2,112	3,858
Total current assets	**13,959**	**28,183**	**35,129**
Total assets	**19,237**	**29,139**	**36,300**
Short-term bank borrowings	1,794	4,123	4,875
Accounts payable	2,938	6,630	4,322
Contract liabilities	1,729	2,810	1,205
Operating lease liabilities – current	87	236	282
Convertible debts	—	—	11,929
Financial liability	64	242	231
Amounts due to a related party	—	—	59
Accrued expenses and other current liabilities	2,438	3,952	3,407
Total current liabilities	**9,050**	**17,993**	**26,309**
Total liabilities	**9,072**	**18,291**	**26,579**
Total mezzanine equity	**40,875**	**38,894**	**38,073**
Total shareholders' deficit	**(30,710)**	**(28,046)**	**(28,353)**
Total liabilities, mezzanine equity and shareholders' deficit	**19,237**	**29,139**	**36,300**

Summary Consolidated Statements of Cash Flows

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands)			
Net cash provided by (used in) operating activities	(6,479)	849	(1,072)	(3,082)
Net cash provided by (used in) investing activities	(4,843)	1,222	(111)	2,470
Net cash provided by financing activities	15,189	2,278	931	9,263
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(635)	(719)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,015	3,842	(887)	7,932
Cash, cash equivalents and restricted cash at the beginning of the year (period)	813	4,828	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year (period)	4,828	8,670	3,941	16,602

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,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands, except for percentages)			
Net income (loss)	**(2,067)**	**1,610**	**713**	**(6,709)**
Add:				
share-based compensation	—	—	—	7,457
Changes in fair value of financial instruments	12	191	128	887
Adjusted net income (loss)	**(2,055)**	**1,801**	**841**	**1,635**

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 from US$19.2 million in the nine months ended September 30, 2022 to US$28.0 million in the same period 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 electric vehicles ("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, US$2.5 million and US$4.0 million in 2021, 2022, and the nine months ended September 30, 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 the nine months ended September 30, 2022 and 2023, revenue generated from our largest customer accounted for 32%, 63%, 70% and 45% 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 the nine months ended September 30, 2022 and 2023, we incurred research and development expenses of US$1.7 million, US$2.8 million, US$2.0 million and US$2.6 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 one material weakness in our internal control over financial reporting. If we are unable to remediate the material weakness, 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 one material weakness 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 weakness identified relates to 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 to address complex U.S. GAAP accounting issues and related disclosures, in accordance with U.S. GAAP and SEC financial reporting requirements. 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 weakness, 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 weakness 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 the nine months ended September 30, 2022 and 2023, we recorded negative cash flow of US$6.5 million, positive cash flow of US$0.8 million, negative cash flow of US$1.1 million and negative cash flow of US$3.1 million, respectively, from operating activities. As of September 30, 2023, we had US$16.4 million in cash and cash equivalents and US$0.2 million 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 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 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 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.”

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 September 30, 2023:

- on an actual basis;
- on a pro forma basis to give effect to (i) the receipt of subscription receivables; (ii) the conversion of the convertible debts into our series B+ preference shares; (iii) 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 (iv) 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 receipt of subscription receivables; (ii) the conversion of the convertible debts into our series B+ preference shares; (iii) 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; (iv) 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 (v) 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 September 30, 2023		
	Actual	Pro forma	Pro forma as adjusted[(1)]
	US$	US$	US$
Short-term bank borrowings	**4,874,788**	**4,874,788**	
Convertible debts	**11,928,576**	—	
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)	7,916,986	—	

	As of September 30, 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)	25,184,594	—	
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)	—	—	
Subscription receivables	(1,176,340)	—	
Total mezzanine equity	**38,073,290**	—	
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, 1,536,158,729 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)	—	15,361	
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)]	7,186,958	59,174,112	
Accumulated other comprehensive income	1,366,234	1,366,234	
Accumulated deficit	(38,913,760)	(38,913,760)	
Total shareholders' equity (deficit)[(3)]	**(28,352,506)**	**21,649,360**	
Total capitalization[(2)(3)]	**26,524,148**	**26,524,148**	

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 September 30, 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 10 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 September 30, 2023 was negative US$28.4 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 September 30, 2023, other than to give effect to (i) the receipt of subscription receivables; (ii) the conversion of the convertible debts into our series B+ preference shares; (iii) 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 (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, our pro forma as adjusted net tangible book value as of September 30, 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 September 30, 2023	US$(0.04)	US$
Pro forma net tangible book value after giving effect to (i) the receipt of subscription receivables; (ii) the conversion of the convertible debts into our series B+ preference shares; (iii) 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 receipt of subscription receivables; (ii) the conversion of the convertible debts into our series B+ preference shares; (iii) the automatic conversion and the re-designation, as applicable, of all of our preference shares and ordinary shares then outstanding; and (iv) 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 September 30, 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 September 30, 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 10 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 recently 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

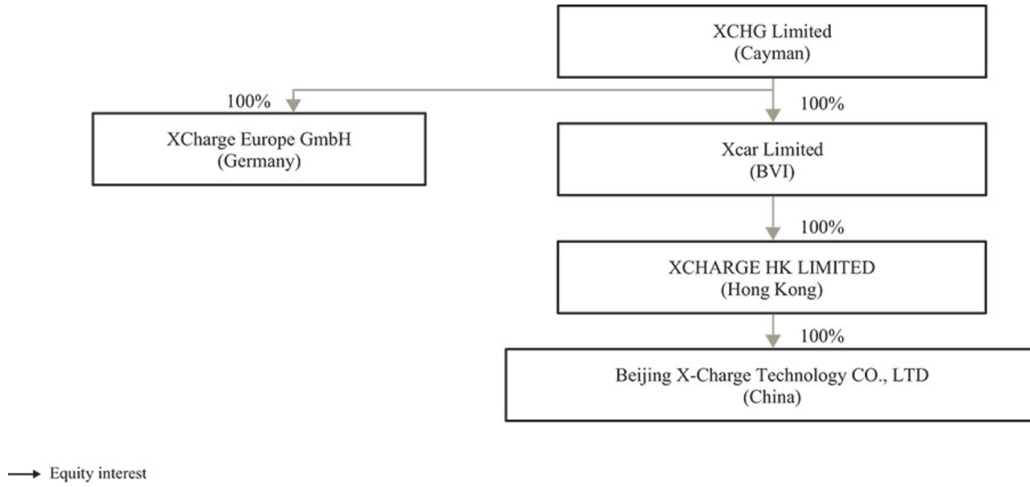
On June 30, 2023, XCHG Limited granted the warrants to the Existing Equityholders (or their affiliates) of X-Charge Technology who are required but yet to complete certain PRC foreign exchange regulatory procedures. On the same date, all of the warrant holders listed in the table above exercised their 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 within and outside of Germany, immediately upon the completion of this offering, after giving effect to the consummation of the Restructuring.



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 and 2022, summary consolidated balance sheets data as of December 31, 2021 and 2022 have been derived from audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of comprehensive income (loss) and cash flows data for the nine months ended September 30, 2022 and 2023, summary consolidated balance sheets data as of September 30, 2023 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial statements. 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 and 2022 and the nine months ended September 30, 2022 and 2023.

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Revenues	13,156	100.0	29,424	100.0	19,179	100.0	27,994	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(12,190)	(63.6)	(15,627)	(55.8)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	6,989	36.4	12,367	44.2
Operating expenses:								
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(2,481)	(12.9)	(4,018)	(14.4)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(1,951)	(10.2)	(2,599)	(9.3)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(1,866)	(9.7)	(11,846)	(42.3)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	(6,298)	(32.8)	(18,463)	(66.0)
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	719	3.8	(5,666)	(20.2)
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	700	3.7	(6,704)	(23.9)
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	713	3.7	(6,709)	(24.0)
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	3,842	20.0	(6,123)	(21.9)

Selected Consolidated Balance Sheets

The following table presents our selected consolidated balance sheet data as of December 31, 2021 and 2022 and September 30, 2023.

	As of December 31,		As of September 30,
	2021	2022	2023
	US$	US$	US$
		(in thousands)	
Cash and cash equivalents	4,795	8,338	16,381
Restricted cash	33	332	221
Accounts receivable, net	4,320	7,560	8,874
Amounts due from related parties – current	21	3,611	712
Inventories	3,233	6,230	5,083
Prepayments and other current assets	1,557	2,112	3,858
Total current assets	**13,959**	**28,183**	**35,129**
Total assets	**19,237**	**29,139**	**36,300**
Short-term bank borrowings	1,794	4,123	4,875
Accounts payable	2,938	6,630	4,322
Contract liabilities	1,729	2,810	1,205
Operating lease liabilities – current	87	236	282
Convertible debts	—	—	11,929
Financial liability	64	242	231
Amounts due to a related party	—	—	59
Accrued expenses and other current liabilities	2,438	3,952	3,407
Total current liabilities	**9,050**	**17,993**	**26,309**
Total liabilities	**9,072**	**18,291**	**26,579**
Total mezzanine equity	**40,875**	**38,894**	**38,073**
Total shareholders' deficit	**(30,710)**	**(28,046)**	**(28,353)**
Total liabilities, mezzanine equity and shareholders' deficit	**19,237**	**29,139**	**36,300**

Selected Consolidated Statements of Cash Flows

The following table presents our selected consolidated cash flow data for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023.

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands)			
Net cash provided by (used in) operating activities	(6,479)	849	(1,072)	(3,082)
Net cash provided by (used in) investing activities	(4,843)	1,222	(111)	2,470
Net cash provided by financing activities	15,189	2,278	931	9,263
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(635)	(719)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,015	3,842	(887)	7,932
Cash, cash equivalents and restricted cash at the beginning of the year (period)	813	4,828	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year (period)	4,828	8,670	3,941	16,602

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,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands, except for percentages)			
Net income (loss)	**(2,067)**	**1,610**	**713**	**(6,709)**
Add:				
share-based compensation	—	—	—	7,457
Changes in fair value of financial instruments	12	191	128	887
Adjusted net income (loss)	**(2,055)**	**1,801**	**841**	**1,635**

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 2022, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, North America 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$90.0 billion by 2026.

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, North America 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 September 30, 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 in 2024.

In 2021, 2022, the nine months ended September 30, 2022 and 2023, we recognized revenue on 807, 1,934, 1,282 and 1,443 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million, US$19.2 million and US$28.0 million, respectively, and our gross margin was 35.2%, 36.4%, 36.4% and 44.2%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million, net income of US$0.7 million and net loss of US$6.7 million in 2021, 2022, the nine months ended September 30, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, and adjusted net income of US$1.8 million, US$0.8 million and US$1.6 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, North America 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 the nine months ended September 30, 2022 and 2023, our revenues amounted to US$13.2 million, US$29.4 million, US$19.2 million and US$28.0 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Revenues								
Product revenues	12,542	95.3	28,745	97.7	18,912	98.6	27,734	99.1
Service revenues	614	4.7	679	2.3	267	1.4	260	0.9
Total	**13,156**	**100.0**	**29,424**	**100.0**	**19,179**	**100.0**	**27,994**	**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 the nine months ended September 30, 2022 and 2023, our product revenues amounted to US$12.5 million, US$28.7 million, US$18.9 million and US$27.7 million, respectively, representing 95.3%, 97.7%, 98.6% and 99.1% 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 the nine months ended September 30, 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, US$0.3 million and US$0.3 million in 2021, 2022, and the nine months ended September 30, 2022 and 2023, respectively, representing 4.7%, 2.3%, 1.4% and 0.9% 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 the nine months ended September 30, 2022 and 2023, our cost of revenues amounted to US$8.5 million,US$18.7 million,US$12.2 million and US$15.6 million, respectively, representing 64.8%, 63.6%, 63.6% and 55.8% 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Cost of revenues								
Cost of products sold	7,259	55.2	16,723	56.8	10,584	55.2	13,663	48.8
Shipping costs	680	5.2	1,257	4.3	917	4.8	545	1.9
Others[(1)]	590	4.4	739	2.5	688	3.6	1,419	5.1
Total	**8,529**	**64.8**	**18,719**	**63.6**	**12,190**	**63.6**	**15,627**	**55.8**

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 the nine months ended September 30, 2022 and 2023, our gross profit was US$4.6 million, US$10.7 million, US$7.0 million and US$12.4 million, respectively, and our gross margin was 35.2%, 36.4%, 36.4% and 44.2%, respectively.

Operating Expenses

Our operating expenses consist of selling and marketing expenses, research and development expenses, general and administrative expenses. In 2021, 2022, and the nine months ended September 30, 2022 and 2023, our operating expenses amounted to US$6.6 million, US$9.1 million, US$6.3 million and US$18.5 million, respectively, representing 50.1%, 30.9%, 32.8% and 66.0% 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Operating expenses								
Selling and marketing expenses	2,423	18.4	3,516	11.9	2,481	12.9	4,018	14.4
Research and development expenses	1,711	13.0	2,816	9.6	1,951	10.2	2,599	9.3
General and administrative expenses	2,460	18.7	2,745	9.3	1,866	9.7	11,846	42.3
Total	**6,594**	**50.1**	**9,077**	**30.9**	**6,298**	**32.8**	**18,463**	**66.0**

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 the nine months ended September 30, 2022 and 2023, our selling and marketing expenses amounted to US$2.4 million, US$3.5 million, US$2.5 million and US$4.0 million, respectively, representing 18.4%, 11.9%, 12.9% and 14.4% 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Selling and marketing expenses								
Staff cost	1,967	15.0	2,887	9.8	2,033	10.6	2,810	10.0
Others[1]	456	3.4	629	2.1	448	2.3	1,208	4.3
Total	**2,423**	**18.4**	**3,516**	**11.9**	**2,481**	**12.9**	**4,018**	**14.4**

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 the nine months ended September 30, 2022 and 2023, our research and development expenses amounted to US$1.7 million, US$2.8 million, US$2.0 million and US$2.6 million, respectively, representing 13.0%, 9.6%, 10.2% and 9.3% of our revenues in the same periods, respectively, the decrease of which was primarily driven by our improved research and development efficiency. 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Research and development expenses								
Staff cost	1,470	11.2	2,201	7.5	1,514	7.9	2,048	7.3
Others[(1)]	241	1.8	615	2.1	437	2.3	551	2.0
Total	**1,711**	**13.0**	**2,816**	**9.6**	**1,951**	**10.2**	**2,599**	**9.3**

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) losses of credit impairment, (iv) foreign currency exchange loss (gain) resulting from the exchange difference in remeasuring foreign currencies to the functional currency as of the relevant dates, and (v) other general corporate expenses**.** In 2021, 2022, and the nine months ended September 30, 2022 and 2023, our general and administrative expenses amounted to US$2.5 million, US$2.7 million, US$1.9 million and US$11.8 million, respectively, representing 18.7%, 9.3%, 9.7% and 42.3% of our revenues in the same periods, respectively. The increase in the nine months ended September 30, 2023 as compared to the same period in 2022 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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
General and administrative expenses								
Staff cost	980	7.4	1,446	4.9	1,034	5.4	1,077	3.8
Professional expenses	500	3.8	855	2.9	289	1.5	1,630	5.8
Share based compensation	—	—	—	—	—	—	7,457	26.6
Losses of credit impairment	268	2.0	335	1.1	253	1.3	71	0.3
Foreign currency exchange loss (gain)	174	1.3	(339)	(1.2)	(170)	(0.9)	290	1.0
Issuance cost of the convertible debts	—	—	—	—	—	—	431	1.5
Other general corporate expenses	538	4.2	448	1.6	461	2.4	891	3.2
Total	**2,460**	**18.7**	**2,745**	**9.3**	**1,866**	**9.7**	**11,846**	**42.3**

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).

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,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except for percentages)							
Revenues	13,156	100.0	29,424	100.0	19,179	100.0	27,994	100.0
Cost of revenues	(8,529)	(64.8)	(18,719)	(63.6)	(12,190)	(63.6)	(15,627)	(55.8)
Gross profit	**4,627**	**35.2**	**10,705**	**36.4**	**6,989**	**36.4**	**12,367**	**44.2**
Operating expenses:								
Selling and marketing expenses	(2,423)	(18.4)	(3,516)	(11.9)	(2,481)	(12.9)	(4,018)	(14.4)
Research and development expenses	(1,711)	(13.0)	(2,816)	(9.6)	(1,951)	(10.2)	(2,599)	(9.3)
General and administrative expenses	(2,460)	(18.7)	(2,745)	(9.3)	(1,866)	(9.7)	(11,846)	(42.3)
Total operating expenses	**(6,594)**	**(50.1)**	**(9,077)**	**(30.9)**	**(6,298)**	**(32.8)**	**(18,463)**	**(66.0)**
Operating income (loss)	**(1,928)**	**(14.7)**	**1,655**	**5.6**	**719**	**3.8**	**(5,666)**	**(20.2)**
Income (loss) before income taxes	**(2,066)**	**(15.7)**	**1,598**	**5.4**	**700**	**3.7**	**(6,704)**	**(23.9)**
Net income (loss)	**(2,067)**	**(15.7)**	**1,610**	**5.5**	**713**	**3.7**	**(6,709)**	**(24.0)**
Comprehensive income (loss)	**(2,832)**	**(21.5)**	**4,193**	**14.3**	**3,842**	**20.0**	**(6,123)**	**(21.9)**

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenues

Our revenues increased by 46.0% from US$19.2 million in the nine months ended September 30, 2022 to US$28.0 million in the nine months ended September 30, 2023, primarily driven by the increase in revenues generated from sales of products.

Product revenues

Our revenues generated from sales of products increased by 46.6% from US$18.9 million in the nine months ended September 30, 2022 to US$27.7 million in the nine months ended September 30, 2023, mainly driven by the increase in the sales volume of products sold in Europe and the United States because we have further expanded our customer base as well as sold more products to existing customers in Europe and the United States in the nine months ended September 30, 2023.

Service revenues

Our revenues generated from services remained relatively stable at US$0.3 million and US$0.3 million in the nine months ended September 30, 2022 and 2023, respectively.

Cost of Revenues

Our cost of revenues increased by 28.2% from US$12.2 million in the nine months ended September 30, 2022 to US$15.6 million in the nine months ended September 30, 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 77.0% from US$7.0 million in the nine months ended September 30, 2022 to US$12.4 million in the nine months ended September 30, 2023, which is consistent with our business growth. Our overall gross margin increased from 36.4% in the nine months ended September 30, 2022 to 44.2% in the nine months ended September 30, 2023, benefiting from economies of scale, our enhanced cost control measures.

Operating Expenses

Our operating expenses increased by 193.2% from US$6.3 million in the nine months ended September 30, 2022 to US$18.5 million in the nine months ended September 30, 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 61.9% from US$2.5 million in the nine months ended September 30, 2022 to US$4.0 million in the nine months ended September 30, 2023. The increase was mainly attributable to (i) the increase in staff cost of US$0.8 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 12.9% in the nine months ended September 30, 2022 to 14.4% in the nine months ended September 30, 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 33.2% from US$2.0 million in the nine months ended September 30, 2022 to US$2.6 million in the nine months ended September 30, 2023. The increase was mainly attributable to the increase in staff cost of US$0.5 million, primarily due to the growth of the team to support our business growth. Our research and development expenses as percentages of total revenues

decreased from 10.2% in the nine months ended September 30, 2022 to 9.3% in the nine months ended September 30, 2023, which was primarily driven by our improved research and development efficiency.

General and administrative expenses

Our general and administrative expenses increased significantly from US$1.9 million in the nine months ended September 30, 2022 to US$11.8 million in the nine months ended September 30, 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$1.3 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 9.7% in the nine months ended September 30, 2022 to 42.3% in the nine months ended September 30, 2023, mainly resulting from the significant increase in the 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.

Changes in Fair Value of Financial Instruments

Our changes in fair value of financial instruments increased significantly from US$0.1 million in the nine months ended September 30, 2022 to US$0.9 million in the nine months ended September 30, 2023, mainly due to the issuance of convertible debts to certain investors in the nine months ended September 30, 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$192.4 thousand in the nine months ended September 30, 2023, as compared to US$48.6 thousand in the nine months ended September 30, 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$41.4 thousand in the nine months ended September 30, 2023, as compared to US$156.8 thousand in the nine months ended September 30, 2022. Such decrease was primarily due to the repayment of loans to a related party of one of our preferred shareholders.

Income Tax Benefit (Expense)

We recorded an income tax expense of US$4.3 thousand in the nine months ended September 30, 2023, as compared to an income tax benefit of US$13.1 thousand in the nine months ended September 30, 2022.

Net Income (Loss)

As a result of the foregoing, we recorded net loss of US$6.7 million in the nine months ended September 30, 2023, as compared to net income of US$0.7 million in the nine months ended September 30, 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,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands, except for percentages)			
Net income (loss)	**(2,067)**	**1,610**	**713**	**(6,709)**
Add:				
share-based compensation	—	—	—	7,457
Changes in fair value of financial instruments	12	191	128	887
Adjusted net income (loss)	**(2,055)**	**1,801**	**841**	**1,635**

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 September 30, 2023, we had US$16.4 million in cash and cash equivalents and US$0.2 million in restricted cash. Our cash and cash equivalents are primarily denominated in Renminbi, Euros and US dollars, which amounted to US$11.0 million, US$3.4 million and US$1.9 million as of September 30, 2023,

respectively. As of September 30, 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$2.5 million and US$1.8 million, respectively, and those held outside the PRC amounted to US$0.9 million and US$0.1 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 unaudited condensed 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$38.6 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,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	US$	US$	US$	US$
	(in thousands)			
Net cash provided by (used in) operating activities	(6,479)	849	(1,072)	(3,082)
Net cash provided by (used in) investing activities	(4,843)	1,222	(111)	2,470
Net cash provided by financing activities	15,189	2,278	931	9,263
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148	(507)	(635)	(719)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,015	3,842	(887)	7,932
Cash, cash equivalents and restricted cash at the beginning of the year (period)	813	4,828	4,828	8,670
Cash, cash equivalents and restricted cash at the end of the year (period)	4,828	8,670	3,941	16,602

Operating activities

Net cash used in operating activities was US$3.1 million in the nine months ended September 30, 2023. The difference between our net loss of US$6.7 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, and (ii) the loss from changes in fair value of financial instruments of US$0.9 million, mainly due to the issuance of convertible debts to certain investors in the nine months ended September 30, 2023 and the changes in fair value of these convertible debts; partially offset by (i) a decrease in accounts payable of US$2.1 million, primarily attributable to our payment to suppliers in the ordinary course of business, (ii) an increase in accounts receivable of US$1.8 million, primarily attributable to our business growth in general, and (iii) a decrease in contract liabilities of US$1.6 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$2.5 million in the nine months ended September 30, 2023, which was primarily attributable to proceeds from collection of loans to a related party of a preference shareholder of US$2.9 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$9.3 million in the nine months ended September 30, 2023, which was primarily attributable to (i) cash received from the existing equity holders of X-Charge Technology in connection with the restructuring of US$30.7 million, (ii) proceeds from short-term bank borrowings of US$25.9 million, and (iii) proceeds from issuance of the convertible debts of US$11.1 million; partially offset by (i) cash paid to the existing equity holders of X-Charge Technology in connection with the restructuring of US$31.9 million, (ii) repayment of short-term bank borrowings of US$24.8 million, and (iii) payments in relation to this offering of US$1.2 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 0.423% 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 are exercisable upon issuance and expire in October 2027. The warrants have not been exercised as of September 30, 2023. See Note 10 to the Consolidated Financial Statements appended to this prospectus for details.

Material cash requirements

Our material cash requirements as of September 30, 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 September 30, 2023:

	Payment Due by Period		
	Total	**Less Than 1 Year**	**1 – 3 Years**
	(US$ in thousands)		
Operating lease commitments[(1)]	535	319	216

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, US$111 thousand and US$417 thousand in 2021, 2022, and the nine months ended September 30, 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 September 30, 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 the course of auditing our consolidated financial statements as of and for the years ended December 31, 2021 and 2022, we and our independent registered public accounting firm identified the following material weakness 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 weakness identified relates to 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 to address complex U.S. GAAP accounting issues and related disclosures, in accordance with U.S. GAAP and SEC financial reporting requirements.

To remediate the 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.

We intend to remediate the material weakness 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 weakness identified in our internal control over financial reporting, and we cannot conclude that the material weakness has been fully remediated. See "Risk Factors — Risks Related to Our Business — We have identified one material weakness in our internal control over financial reporting. If we are unable to remediate the material weakness, 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

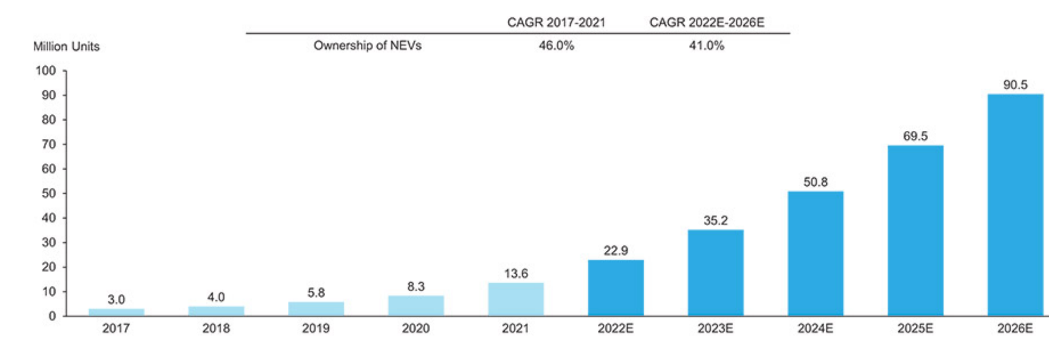
For detailed discussion on recent accounting pronouncements, see Note 2 to our Consolidated Financial Statements.

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 1.6% in 2017 to 10.0% in 2021 and is expected to surge to approximately 42.9% in 2026. Between 2017 and 2021, the global NEV ownership increased from approximately 3.0 million units to 13.6 million units, representing a CAGR of 46.0%. Going forward, the global NEV ownership is expected to continue to increase rapidly from approximately 22.9 million units in 2022 to 90.5 million units in 2026, at a CAGR of 41.0%. 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.

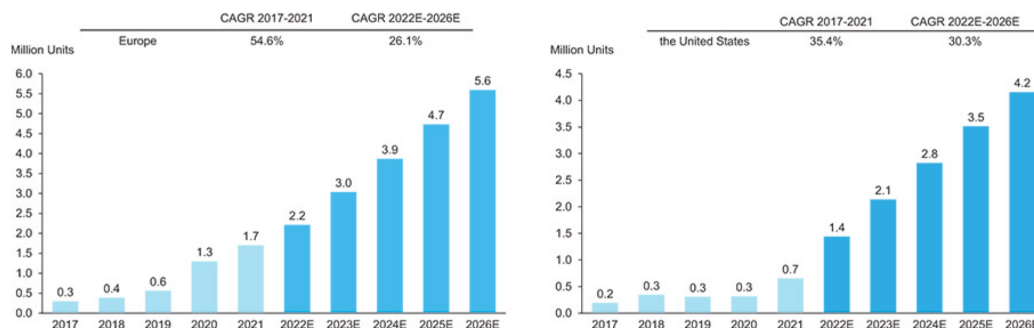
Global NEV Ownership, 2017-2026E



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 2021, Europe's NEV market reached a sales volume of 1.7 million units, which corresponds to a market share of 27.0%, making it the second largest NEV market globally. According to Frost & Sullivan, NEV sales in Europe are expected to reach 5.6 million units by 2026 with a CAGR of 26.1% from 2022 to 2026. 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 1.4 million units in 2022 to approximately 4.2 million units in 2026, reflecting a CAGR of 30.3%.

NEV Sales Volumes of Europe and the United States, 2017-2026E



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:

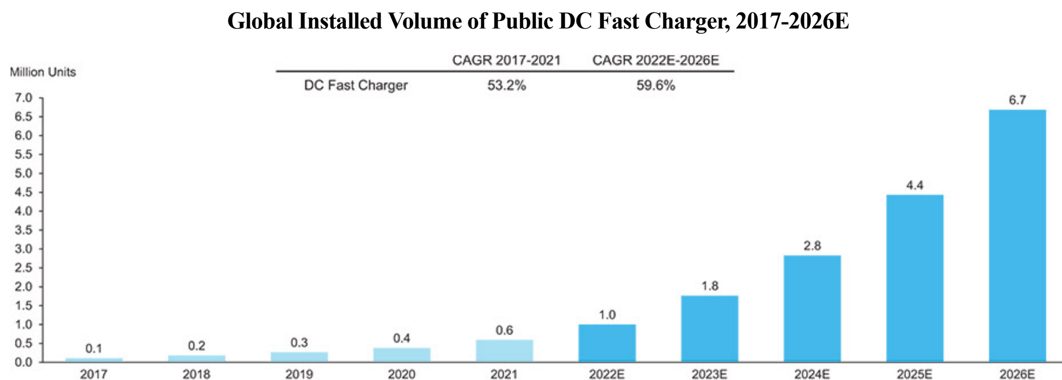
	One-piece Battery-integrated Energy Storage Charger	**Split Battery-integrated Energy Storage Charger**
Floor Area	Small	Large
Infrastructure Requirements	Low	High
		Construction of foundation built under the chargers with old grid upgrades
Major Application Scenarios	Public buildings and areas with 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 1.0 million units in 2022 to approximately 6.7 million units in 2026 at a CAGR of 59.6%.

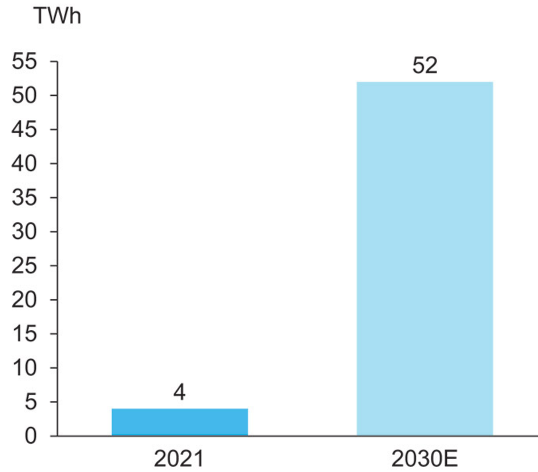
Global Installed Volume of Public DC Fast Charger, 2017-2026E



Source: Frost & Sullivan Report

In 2021, while DC fast chargers made up only around 30% 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 4.0TWh in 2021 to 52.0TWh in 2030, representing a CAGR of approximately 33.0%.

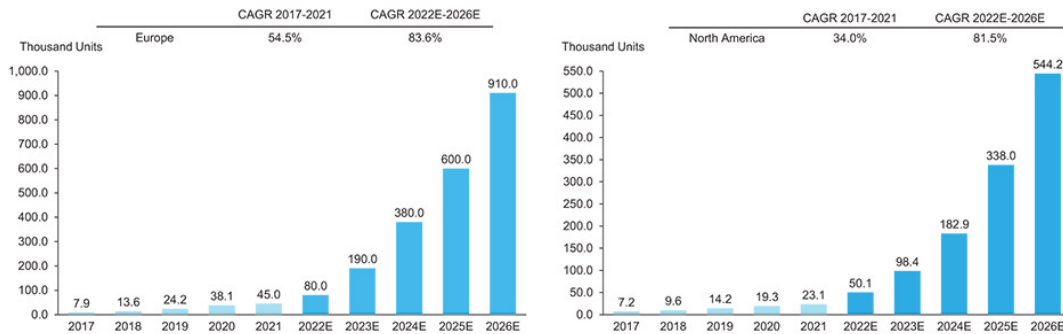
Global Energy Demand for DC Fast Chargers, 2021 and 2030E



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 80 thousand units in 2022 to approximately 910 thousand units by 2026 at a CAGR of 83.6%. 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 23 thousand units in 2021 and is projected to reach 544 thousand units by 2026.

Installed Volume of DC Fast Chargers in Europe and North America, 2017-2026E

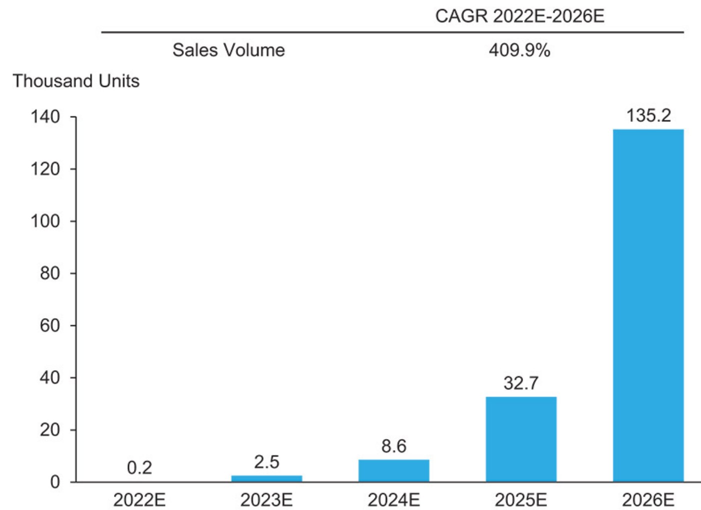


Source: Frost & Sullivan Report

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 0.2 thousand units in 2022 to approximately 135 thousand units in 2026, demonstrating a robust CAGR of 409.9%.

Global Sales Volume of Battery-integrated Energy Storage Charger, 2022E-2026E



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 14 in 2021, 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 18 in 2021, 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 0.1 million units in 2017 to 0.6 million units in 2021 and is projected to reach 6.7 million units by 2026, with a CAGR of approximately 59.6% from 2022. Additionally, the proportion of DC fast chargers among all public EV chargers is expected to rise from 30.9% in 2022 to 42.0% in 2026.

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 4.0TWh in 2021 to 52.0TWh in 2030, representing a CAGR of approximately 33.0%. 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 ranked second in the European DC fast charger market in terms of sales volume in 2022.

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 2022, according to Frost & Sullivan. As of the date of this prospectus, we have begun the commercial deployment of our NZS solution in Europe, North America 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$90.0 billion by 2026.

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, North America 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 September 30, 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 in 2024.

In 2021, 2022, the nine months ended September 30, 2022 and 2023, we recognized revenue on 807, 1,934, 1,282 and 1,443 DC fast chargers and accompanying services, respectively. In the same periods, our revenue reached US$13.2 million, US$29.4 million, US$19.2 million and US$28.0 million, respectively, and our gross margin was 35.2%, 36.4%, 36.4% and 44.2%, respectively. In addition, we recorded net loss of US$2.1 million, net income of US$1.6 million, net income of US$0.7 million and net loss of US$6.7 million in 2021, 2022, the nine months ended September 30, 2022 and 2023, respectively, while we recorded adjusted net loss of US$2.1 million, and adjusted net income of US$1.8 million, US$0.8 million and US$1.6 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 2022, 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 46.0% from the nine months ended September 30, 2022 to the nine months ended September 30, 2023. With our cost advantage and efficient capital deployment, we generated a gross margin of 36.4% and 44.2% in 2022 and the nine months ended September 30, 2023, respectively. In 2022 and the nine months ended September 30, 2023, we recorded a net income of US$1.6 million and a net loss of US$6.7 million, while our adjusted net income amounted to US$1.8 million and US$1.6 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:

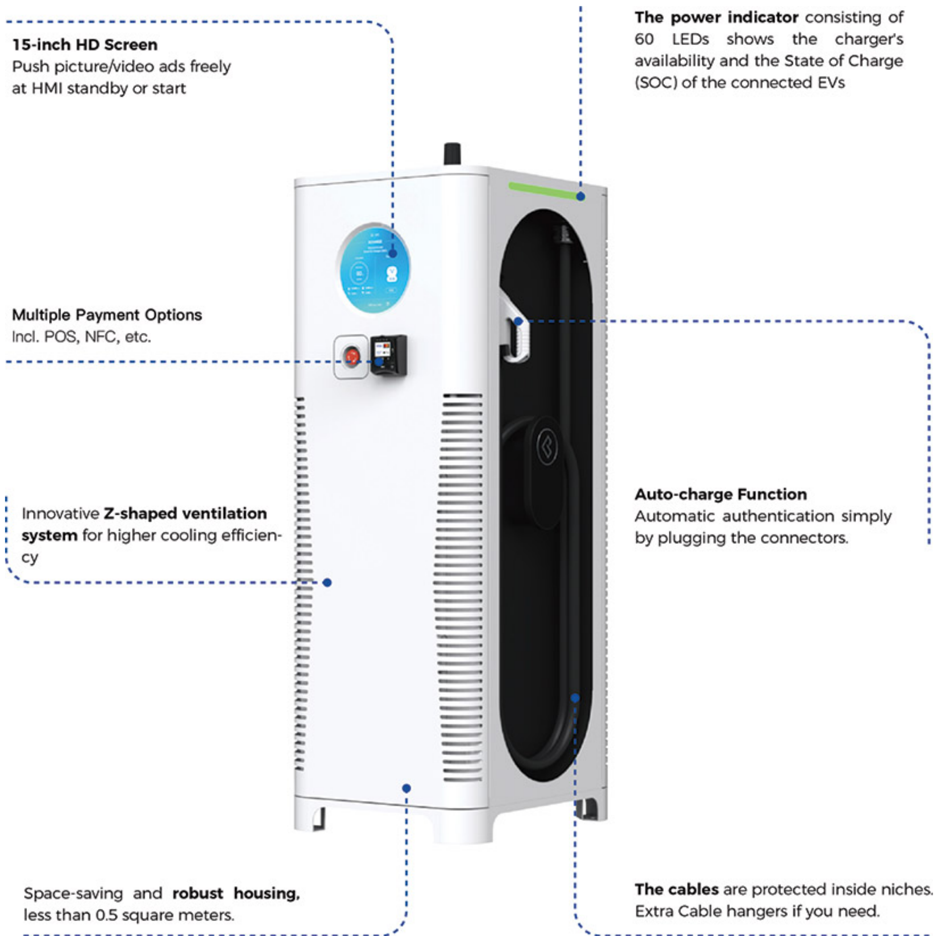
Model	Peak Output	Number of Charging Guns	Battery Storage	Bi-directional Charging
C6	200 kW	Two	\	\
C7	420 kW	Two	\	\
NZS	210 kW	Two	466 kWh	√

DC fast chargers

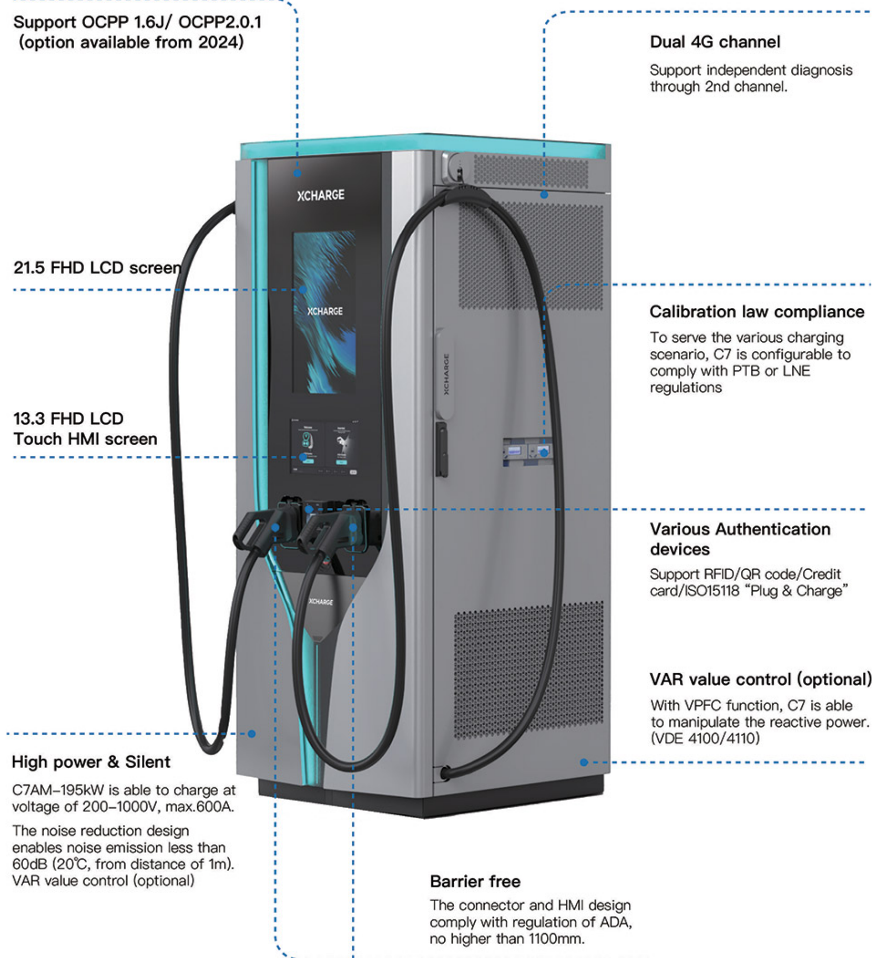
We offer DC fast chargers with high output power that may reduce charging time and range anxiety for EV drivers as compared to regular alternating current (“AC”) chargers. Our DC fast chargers convert AC power from the electric grid into DC power before distributing the power to charge the EVs’ batteries,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

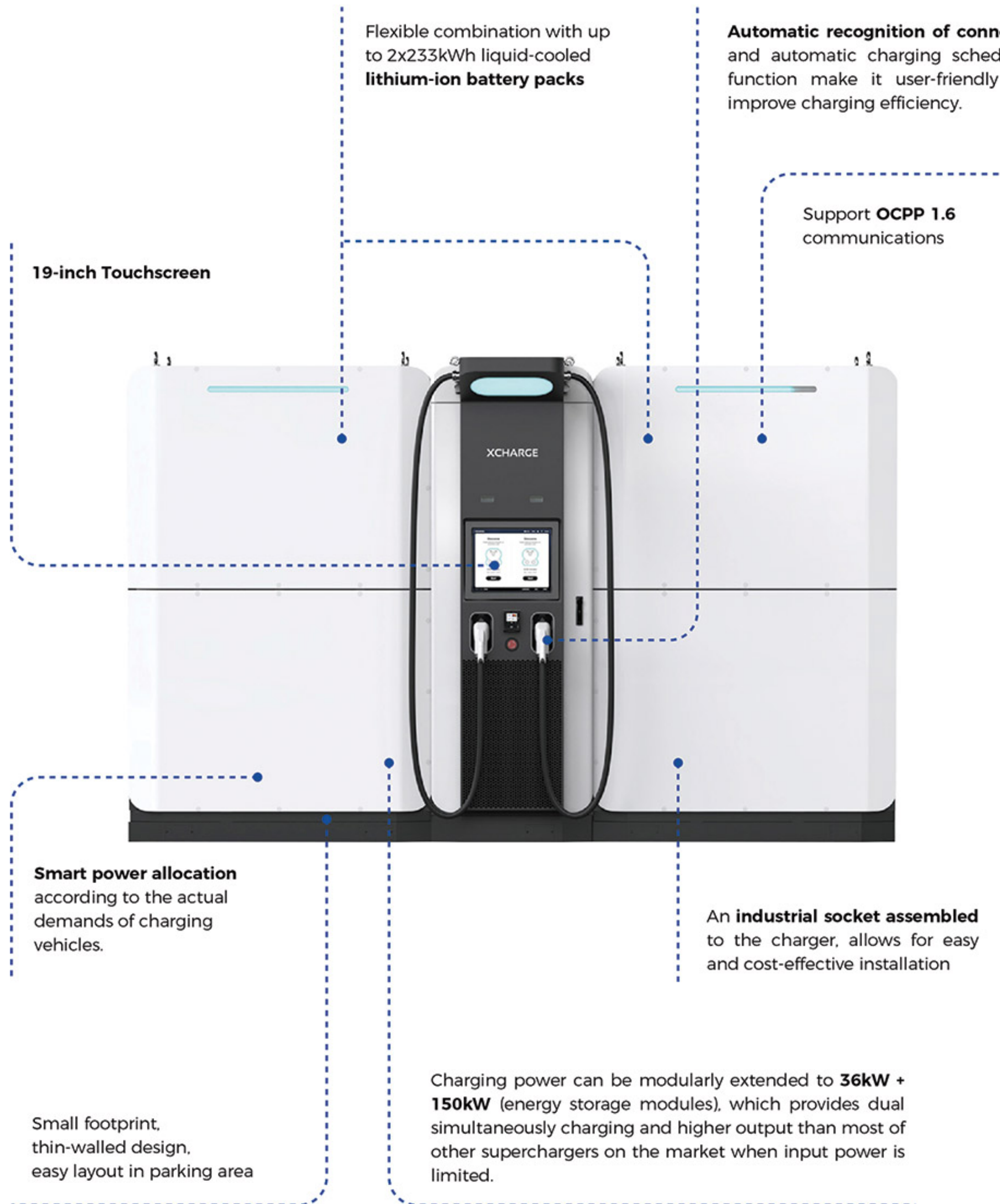


We have experienced rapid growth in delivery of DC fast chargers, increasing from 807 in 2021 to 1,934 in 2022. In the nine months ended September 30, 2023, we delivered 1,443 DC fast chargers, as compared to 1,282 DC fast chargers in the same period in 2022.

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, North America 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, North America 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 the nine months ended September 30, 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 68 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 September 30, 2023, we had 50 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 ranked second in the European DC fast charger market in terms of sales volume in 2022.

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 154 employees as of September 30, 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 September 30, 2023.

Function	Number of Employees
Research and development	70
Sales and delivery	29
Manufacturing	23
After-sales	12
General and administrative	20
Total	**154**

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 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. As of the date of this prospectus, its interpretation and implementation 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	30	Vice President
Lewellyn Charles Cox	30	Senior Business Development Director
Xiaoling Song	41	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. 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. 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, 2022, we paid an aggregate of US$0.4 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 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 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.

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:							
Future EV Limited[(1)]	236,230,500	10.5%					
Next EV Limited[(2)]	419,970,000	18.8%					
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)]	236,283,365	10.4%					
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. 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. 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. 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. The registered address of GGV (Xcharge) Limited is 402 JARDINE HSE 1 CONNAUGHT, PLACE CENTRAL HONG KONG.

(5) Represents (i) 198,442,800 Series B preference shares, and (ii) warrant to purchase 37,840,565 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. 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. 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. 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 September 2023, we provided an interest-free advance of RMB1.1 million (US$0.2 million) to Mr. Yifei Hou, which was fully collected in January 2024.

As of December 31, 2021 and 2022 and September 30, 2023, there were no amounts due to Mr. Yifei Hou. As of December 31, 2021 and 2022 and September 30, 2023, the balance of amounts due from Mr. Yifei Hou was nil, nil and US$0.2 million, respectively. Such outstanding amount was fully collected in January 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 September 2023, we provided an interest-free advance of RMB0.4 million (US$48 thousand) to Mr. Ding Rui, which was collected in January 2024.

As of December 31, 2021 and 2022 and September 30, 2023, there were no amounts due to Mr. Rui Ding. As of December 31, 2021 and 2022 and September 30, 2023, the balance of amounts due from Mr. Rui Ding was nil, US$0.2 million and US$48 thousand, 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 and 2022 and September 30, 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 and 2022 and September 30, 2023, the balance of amounts due to Zhichong Technology (Shenzhen) Co., Ltd was nil, nil and US$59 thousand, respectively. As of December 31, 2021 and 2022 and September 30, 2023, the balance of amounts due from Zhichong Technology (Shenzhen) Co., Ltd was US$21 thousand, US$68 thousand and nil, 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 and 2022 and September 30, 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 to Beijing Zhichong New Energy Technology Co., Ltd., of which we own 15% equity interest.

As of December 31, 2021 and 2022 and September 30, 2023, the balance of amounts due from Beijing Zhichong New Energy Technology Co., Ltd was nil, US$73 thousand and US$161 thousand, 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 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. As of the date of this prospectus, the warrant to Shell Ventures has not been exercised.

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") 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 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 and for the years ended December 31, 2021 and 2022, 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 office of KPMG Huazhen LLP is located at 8th floor, KPMG Tower, Oriental Plaza, No.1 East Chang An Ave, 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	F-2
Consolidated Financial Statements:	
Consolidated Balance Sheets as of December 31, 2021 and 2022	F-3 – F-4
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021 and 2022	F-5
Consolidated Statements of Changes in Shareholders' Deficit for the years ended December 31, 2021 and 2022	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2022	F-7
Notes to the Consolidated Financial Statements	F-8 – F-36
Unaudited Condensed Consolidated Financial Statements:	
Unaudited Condensed Consolidated Balance Sheets as of December 31, 2022 and September 30, 2023	F-37 – F-38
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the Nine Months Ended September 30, 2022 and 2023	F-39
Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2022 and 2023	F-40
Notes to the Unaudited Condensed Consolidated Financial Statements	F-41 – F-54

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, 2021 and 2022, the related consolidated statements of comprehensive income (loss), changes in shareholders' deficit and cash flows for the years then ended, 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, 2021 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

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 2, 2023, except for Notes 1(b), 18(b) and 18(c), as to which the date is September 1, 2023

XCHG LIMITED

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2021	As of December 31, 2022
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents		4,795,277	8,338,302
Restricted cash		32,722	332,135
Accounts receivable, net	3	4,319,736	7,559,944
Amounts due from related parties – current	15	21,120	3,611,080
Inventories	4	3,232,597	6,230,359
Prepayments and other current assets	5	1,557,107	2,111,405
Total current assets		**13,958,559**	**28,183,225**
Non-current assets			
Property and equipment, net	6	240,747	229,013
Intangible assets, net		—	57,689
Amounts due from a related party – non-current	15	4,909,321	—
Long-term investments		—	107,687
Operating lease right-of-use assets, net	7	128,776	561,502
Total non-current assets		**5,278,844**	**955,891**
Total assets		**19,237,403**	**29,139,116**
LIABILITIES			
Current liabilities			
Short-term bank borrowings	8	1,794,308	4,122,832
Accounts payable		2,938,097	6,629,837
Contract liabilities		1,728,808	2,809,664
Operating lease liabilities – current	7	86,604	236,433
Financial liability	10	63,924	242,393
Accrued expenses and other current liabilities	9	2,438,280	3,951,678
Total current liabilities		**9,050,021**	**17,992,837**
Non-current liabilities			
Operating lease liabilities – non-current	7	4,889	289,527
Other non-current liabilities		17,434	8,609
Total non-current liabilities		**22,323**	**298,136**
Total liabilities		**9,072,344**	**18,290,973**

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

XCHG LIMITED

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2021 US$	As of December 31, 2022 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, 2021 and 2022. Liquidation preference of US$1,333,187 and US$1,220,458 as of December 31, 2021 and 2022)	12	1,333,187	1,220,458
Series Angel redeemable preference shares (US$0.00001 par value; 37,500,000 shares authorized, issued and outstanding as of December 31, 2021 and 2022. Redemption value of US$1,333,187 and US$1,220,458 as of December 31, 2021 and 2022; Liquidation preference of US$1,333,187 and US$1,220,458 as of December 31, 2021 and 2022)	12	1,333,187	1,220,458
Series A redeemable preference shares (US$0.00001 par value; 300,000,000 shares authorized, issued and outstanding as of December 31, 2021 and 2022. Redemption value of US$7,827,571 and US$7,635,384 as of December 31, 2021 and 2022; Liquidation preference of US$7,500,000 and US$7,500,000 as of December 31, 2021 and 2022)	12	7,827,571	7,635,384
Series A+ redeemable preference shares (US$0.00001 par value; 118,971,900 shares authorized, issued and outstanding as December 31, 2021 and 2022. Redemption value of US$4,026,620 and US$3,686,144 as of December 31, 2021 and 2022; Liquidation preference of US$4,026,620 and US$3,686,144 as of December 31, 2021 and 2022)	12	4,301,424	3,937,712
Series B redeemable preference shares (US$0.00001 par value; 602,372,700 shares authorized, issued and outstanding as of December 31, 2021 and 2022. Redemption value of US$22,404,265 and US$21,889,771 as of December 31, 2021 and 2022; Liquidation preference of US$21,424,699 and US$19,613,108 as of December 31, 2021 and 2022)	12	26,079,872	24,880,147
Total mezzanine equity		**40,875,241**	**38,894,159**
SHAREHOLDERS' DEFICIT			
Ordinary shares (US$0.00001 par value; 3,728,605,400 shares authorized, 656,200,500 shares issued and outstanding as of December 31, 2021 and 2022)	13	6,562	6,562
Series Seed preference shares (US$0.00001 par value; 175,050,000 shares authorized, issued and outstanding as of December 31, 2021 and 2022)	13	2,000,000	2,000,000
Accumulated other comprehensive income (loss)		(1,802,144)	780,852
Accumulated deficit		(30,914,600)	(30,833,430)
Total shareholders' deficit		**(30,710,182)**	**(28,046,016)**
Total liabilities, mezzanine equity and shareholders' deficit		**19,237,403**	**29,139,116**

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

XCHG LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Note	For the Year Ended December 31,	
		2021	2022
		US$	US$
Revenues	16	13,155,892	29,423,540
Cost of revenues		(8,528,611)	(18,718,951)
Gross profit		**4,627,281**	**10,704,589**
Operating expenses:			
Selling and marketing expenses		(2,423,086)	(3,515,712)
Research and development expenses		(1,710,551)	(2,816,116)
General and administrative expenses		(2,460,333)	(2,745,618)
Total operating expenses		**(6,593,970)**	**(9,077,446)**
Government grants		39,154	27,838
Operating income (loss)		**(1,927,535)**	**1,654,981**
Changes in fair value of financial liability	11	(12,419)	(190,557)
Interest expenses		(339,059)	(66,959)
Interest income		213,429	200,882
Income (loss) before income taxes		**(2,065,584)**	**1,598,347**
Income tax benefit (expense)	14	(1,300)	11,612
Net income (loss)		**(2,066,884)**	**1,609,959**
Other comprehensive income (loss)			
Foreign currency translation adjustment, net of nil income taxes		(765,334)	2,582,996
Comprehensive income (loss)		**(2,832,218)**	**4,192,955**
Earnings (loss) per ordinary share	15		
− Basic		(0.01)	—
− Diluted		(0.01)	—

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 12)	—	—	—	(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)**

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

XCHG LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2021	2022
	US$	**US$**
Operating activities:		
Net income (loss)	**(2,066,884)**	**1,609,959**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Allowance for doubtful accounts	271,599	322,873
Write-down of inventories	146,819	—
Depreciation and amortization	217,291	138,051
Reduction in the carrying amount of right-of-use assets	262,754	272,080
Loss on disposal of property and equipment	1,092	7,828
Amortization of loan discount related to short-term bank borrowings	219,331	(72,484)
Changes in fair value of financial liability	12,419	190,557
Unrealized foreign currency transaction loss (gain)	127,983	(423,154)
Changes in operating assets and liabilities:		
Accounts receivable	(4,430,595)	(3,597,098)
Inventories	(2,168,916)	(3,376,876)
Prepayments and other current assets	(602,412)	(409,862)
Amounts due from related parties	30,184	(256,478)
Accounts payable	917,440	4,087,093
Contract liabilities	445,292	1,172,753
Operating lease liabilities	(263,612)	(269,692)
Accrued expenses and other current liabilities	383,884	1,460,767
Other non-current liabilities	17,224	(7,618)
Net cash provided by (used in) operating activities	**(6,479,107)**	**848,699**
Investing activities:		
Issuance of a loan to a related party of a preferred shareholder	(4,750,311)	—
Proceeds from collection of the loan to a related party of a preferred shareholder	—	1,435,833
Cash paid for purchase of property and equipment and intangible assets	(92,968)	(213,673)
Net cash provided by (used in) investing activities	**(4,843,279)**	**1,222,160**
Financing activities:		
Proceeds from short-term bank borrowings	3,099,195	6,401,765
Repayment of short-term bank borrowings	(3,719,035)	(3,758,890)
Payment of interest free advance to one of the Founders	—	(244,092)
Repayment of interest free advance from one of the Founders	(120,289)	—
Proceeds from issuance of Series B redeemable preference shares	16,110,713	—
Payment for issuance cost of Series B redeemable preference shares	(181,158)	—
Payments of initial public offering (“IPO”) cost	—	(120,610)
Net cash provided by financing activities	**15,189,426**	**2,278,173**
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	148,093	(506,594)
Net increase in cash, cash equivalents and restricted cash	**4,015,133**	**3,842,438**
Cash, cash equivalents and restricted cash at the beginning of the year	812,866	4,827,999
Cash, cash equivalents and restricted cash at the end of the year	**4,827,999**	**8,670,437**
Supplemental cash flow information:		
Interest paid	132,032	119,279
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 12)	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") and the Europe.

(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, 2021 and 2022, and its results of operations for each of the years in the two-year period ended December 31, 2022 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").

(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 and redeemable preference shares. 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,	
	2021	**2022**
	US$	**US$**
Financial institutions in the mainland of the PRC		
—Denominated in RMB	3,523,419	5,075,057
—Denominated in USD	203	—
—Denominated in EUR	—	2,726,960
Total cash and cash equivalents balances held at mainland PRC financial institutions	**3,523,622**	**7,802,017**
Financial institution in Germany		
—Denominated in EUR	1,270,927	487,754
Total cash balances held at a Germany financial institution	**1,270,927**	**487,754**
Financial institutions in the USA		
—Denominated in USD	—	47,846
Total cash balances held at a USA financial institution	**—**	**47,846**
Total cash and cash equivalents balances held at financial institutions	**4,794,549**	**8,337,617**

(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, 2021 and 2022, 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,	
	2021	2022
	US$	US$
Cash and cash equivalents	4,795,277	8,338,302
Restricted cash	32,722	332,135
Total cash, cash equivalents and restricted cash	**4,827,999**	**8,670,437**

(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 doubtful accounts. 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. As of December 31, 2021 and 2022, the Group does not have any off-balance-sheet credit exposure relate to its customers.

(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

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 and US$25,083 for the years ended December 31, 2021 and 2022, 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 and 2022.

(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 liability 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 and other payables included in accrued expenses and other current liabilities. Financial liability was measured at fair value using unobservable inputs and categorized in Level 3 of the fair value hierarchy, see Note 11. The fair value of amounts due from a related party — non-current approximates its carrying amount as its interest rate approximates the rate currently available. 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, 2021 and 2022:

Contract liabilities as of January 1, 2021	1,270,548
Cash received in advance, excluding VAT	3,600,558
Revenue recognized from opening balance of contract liabilities	(1,283,516)
Revenue recognized from contract liabilities arising during 2021	(1,871,750)
Foreign currency translation	12,968
Contract liabilities as of December 31, 2021	**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**

(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 costs and promotion expenses. Advertising expenses, which consist primarily of offline advertisements, are expensed as incurred. The advertising expenses were US$35,552 and US$162,895 for the years ended December 31, 2021 and 2022, 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 and US$27,838 were recognized in government grants for the years ended December 31, 2021 and 2022, respectively. The deferred government subsidies included in liabilities were nil as of both December 31, 2021 and 2022.

(w) 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 and US$1.4 million for the years ended December 31, 2021 and 2022, respectively.

(x) 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, 2021 and 2022, the Group did not have any significant unrecognized uncertain tax positions.

(y) 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.

(z) 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 and 2022 are as follows.

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Customer A	4,195,024	32%	18,645,058	63%
Customer B	1,784,562	14%	*	*
Customer C	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 and 2022 are as follows:

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Supplier A	2,203,821	26%	*	*
Supplier B	925,664	11%	*	*
Supplier C	*	*	4,553,156	24%
Supplier D	*	*	3,658,940	19%
Supplier E	*	*	2,429,852	13%

Customers accounting for 10% or more of accounts receivable, net are as follows:

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Customer A	3,373,494	78%	5,502,120	73%

Customers accounting for 10% or more of contract liabilities are as follows:

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Customer D	1,328,995	77%	2,434,844	87%

Suppliers accounting for 10% or more of accounts payable are as follows:

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Supplier A	810,670	28%	*	*
Supplier C	*	*	2,448,643	37%
Supplier E	*	*	930,266	14%

Suppliers accounting for 10% or more of prepayments are as follows:

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
Supplier F	157,599	18%	*	*
Supplier G	94,547	11%	*	*
Supplier H	92,571	11%	*	*
Supplier I	*	*	108,468	19%
Supplier J	*	*	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.

(aa) 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 liability.

(bb) 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.

(cc) 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 and 2022, 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, 2021 and 2022, the balance of restricted net assets of the Company's consolidated subsidiaries in the PRC were US$1.7 million and US$1.7 million, respectively, which mainly included assets in the amount of US$1.7 million pledged to secure the bank borrowings.

(dd) Recent Accounting Pronouncements

In June 2016, the FASB amended ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 was further amended in November 2019 by ASU 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*. As a result, ASC 326, *Financial Instruments — Credit Losses* is effective for public companies for annual reporting periods, and interim periods within those years beginning after December 15, 2019. For all other entities, it is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As the Company is an "emerging growth company" and elects to apply for the new and revised accounting standards at the effective date for a private company, the Company

will adopt the new standard on January 1, 2023. The Group is currently evaluating the impact of this new guidance on its consolidated financial statements.

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. ASU 2020-06 is effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of December 31,	
	2021	**2022**
	US$	**US$**
Accounts receivable	4,591,335	7,882,817
Allowance for doubtful accounts	(271,599)	(322,873)
Accounts Receivable, net	**4,319,736**	**7,559,944**

The movements of the allowance for doubtful accounts were as follows:

	As of December 31,	
	2021	**2022**
	US$	**US$**
Balance at the beginning of the year	—	(271,599)
Additions	(271,599)	(322,873)
Write off	—	248,634
Foreign currency translation	—	22,965
Balance at the end of the year	**(271,599)**	**(322,873)**

As of December 31, 2021 and 2022, 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,	
	2021	2022
	US$	US$
Raw materials	2,814,143	3,650,901
Finished goods	418,454	2,579,458
Inventories	**3,232,597**	**6,230,359**

Write-downs of inventories from the carrying amount to its estimated net realizable value amounted to US$0.15 million and nil were recorded as cost of revenues for the years ended December 31, 2021 and 2022.

5. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following:

	As of December 31,	
	2021	2022
	US$	US$
Advances to suppliers	845,431	581,365
Deductible input VAT	580,492	949,250
Deferred IPO cost*	—	318,723
Receivables from third party payment platforms	41,258	67,795
Others**	89,926	194,272
Prepayments and Other Current Assets	**1,557,107**	**2,111,405**

* 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, 2021 and 2022, 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,	
	2021	2022
	US$	US$
Machinery and equipment	383,700	369,268
EV Chargers	231,461	170,769
Office and electronic equipment	275,299	343,633
Software	20,686	18,937
Leasehold improvement	603,192	567,966
Property and Equipment	**1,514,338**	**1,470,573**
Less: Accumulated depreciation	(1,273,591)	(1,241,560)
Property and Equipment, net	**240,747**	**229,013**

Depreciation expense on property and equipment was allocated to the following expense items:

	For the Year Ended December 31,	
	2021	2022
	US$	US$
Cost of revenues	152,425	57,607
Selling and marketing expenses	7,946	7,486
Research and development expenses	10,241	14,588
General and administrative expenses	46,679	33,287
Total depreciation expense	**217,291**	**112,968**

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,	
	2021	2022
	US$	US$
Right-of-use assets	**128,776**	**561,502**
Lease liabilities-current	(86,604)	(236,433)
Lease liabilities-non-current	(4,889)	(289,527)
Total lease liabilities	**(91,493)**	**(525,960)**
Weighted-average remaining lease term	0.66 years	2.42 years
Weighted-average discount rate	3.80%	4.70%

For the years ended December 31, 2021 and 2022, 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 and US$310,378, respectively.

Supplemental cash flow information related to operating leases were as follows:

	For the Year Ended December 31,	
	2021	2022
	US$	US$
Cash paid for amounts included in the measurement of lease liabilities	263,612	269,684
Right-of-use assets obtained in exchange for operating lease liabilities	256,011	695,591

The following table presents the maturity of the Group's lease liabilities as of December 31, 2022:

	As of December 31, 2022
	US$
2022	—
2023	257,586
2024	233,045
2025	65,992
Thereafter	—
Total operating lease payments	**556,623**
Less: imputed interest	(30,663)
Present value	**525,960**

8. SHORT-TERM BANK BORROWINGS

	As of December 31,	
	2021	2022
	US$	US$
Secured bank loans	1,794,308	4,122,832
Short-term bank borrowings	**1,794,308**	**4,122,832**

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, 2021 and 2022 were 8% and 4.11%, respectively. As of December 31, 2021 and 2022, 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, 2021 and 2022, 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) were pledged to secure bank borrowings from SPD Silicon Valley Bank.

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 10).

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$1.3 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$1.3 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.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	As of December 31,	
	2021	2022
	US$	US$
Accrued payroll and social insurance	1,550,704	2,161,909
Cash collected on behalf of the customers*	264,364	569,704
Other taxes payable	126,706	351,910
Accrued IPO cost	—	198,113
Others**	496,506	670,042
Accrued Expenses and Other Current Liabilities	**2,438,280**	**3,951,678**

* 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 service expenses, accrued interests and accrued warranty.

10. 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 0.423% 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 Shenwei 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, 2021 and 2022.

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 liability on the consolidated statement of comprehensive income (loss).

11. 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, 2021 and 2022:

	As of December 31, 2021			
US$	Level 1	Level 2	Level 3	Total Fair Value
Liabilities:				
Financial liability	—	—	63,924	63,924

US$	As of December 31, 2022 Level 1	Level 2	Level 3	Total Fair Value
Liabilities:				
Financial liability	—	—	242,393	242,393

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 and 2022:

		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 warrants that does not have a quoted market rate, the Group measured its fair value based on the market approach or income approach when no recent transactions are available. The market approach takes into consideration a number of factors including market multiple and discount rates from traded companies in the industry and requires the Company to make certain assumptions and estimates regarding industry factors. Specifically, some of the significant unobservable inputs included the Company's historical earning on sale, discount of lack of marketability, the Company's time to initial public offering as well as related volatility. The income approach takes into consideration a number of factors including management projection of discounted future cash flow of the Company as well as an appropriate discount rate. The Company has classified those as level 3 measurement. The assumptions are inherently uncertain and subjective. Changes in any unobservable inputs may have a significant impact on the fair values.

The fair values of financial liability as of December 31, 2021 and 2022 are estimated with the following key assumptions:

	December 31, 2021	December 31, 2022
Risk-free rate of return (per annum)	1.14%	4.01%
Volatility	59.8%	62.1%
Expected dividend yield	0%	0%
Expected term	5.8 years	4.8 years
Fair value of enterprise value of X-Charge Technology	US$49.9 million	US$104.8 million

The risk-free rate of return was based on the U.S. Treasury rate for the expected remaining life of the warrants. 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 warrant liabilities. 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. The fair value of the Company's equity interest 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.

12. 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 13) 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 13) 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 13) 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 13) 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 and 2022 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	Carrying amount	Carrying amount	Carrying amount	Carrying amount	
	USD	USD	USD	USD	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**

Assuming a Qualified IPO 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$36.1 million. If there is no Qualified IPO 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.

13. 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, 2021 and 2022, 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.

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).

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.

14. INCOME TAX

(a) Income tax

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 2021 and 2022, 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%.

The components of income (loss) before income taxes are as follows:

	For the Year Ended December 31,	
	2021	2022
	US$	US$
PRC	(2,584,885)	2,776,049
Germany.	519,301	(1,046,840)
Other	—	(130,862)
Total	**(2,065,584)**	**1,598,347**

Significant components of the provision for (benefit from) income taxes are as follows:

	For the Year Ended December 31,	
	2021	2022
	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 and 2022 is as follows:

	For the Year Ended December 31	
	2021	2022
PRC Statutory income tax rate	(25.0)%	25.0%
Increase (decrease) in effective income tax rate resulting from:		
Tax rate differential for non-PRC entities	1.8%	(0.1)%
Preferential tax rate	12.2%	(6.0)%
Research and development expenses bonus deduction	(9.7)%	(39.7)%
Other non-deductible expenses	2.2%	28.8%
Change in valuation allowance	18.6%	(8.7)%
Effective income tax rate	**0.1%**	**(0.7)%**

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,	
	2021	2022
	US$	US$
Allowance for doubtful accounts	38,923	38,060
Net operating loss carry forwards	2,150,076	1,843,368
Total deferred income tax assets	**2,188,999**	**1,881,428**
Less: Valuation allowance	(2,188,999)	(1,872,773)
Deferred income tax assets, net	**—**	**8,655**
Intangible assets	—	(8,655)
Deferred income tax liabilities	**—**	**(8,655)**
Net deferred income tax liabilities	—	—

As of December 31, 2022, the Group had net operating loss carry forwards of US$12.5 million attributable to the PRC subsidiaries. Tax losses of US$1.9 million, US$4.3 million, US$1.7 million, US$2.2 million and US$2.4 million will expire, if unused, by 2023, 2024, 2025, 2026 and 2027, respectively.

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, 2021 and 2022 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 Year Ended December 31,	
	2021	2022
	US$	US$
Balance at the beginning of the year	1,835,877	2,188,999
Additions of valuation allowance	385,001	2,516
Reductions of valuation allowance	(74,769)	(125,113)
Foreign exchange translation adjustments	42,890	(193,629)
Balance at the end of the year	**2,188,999**	**1,872,773**

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 2018 to 2022 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 2022.

15. 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
	US$	US$
Earnings (loss) per ordinary share – basic:		
Numerator:		
Net income (loss) attributable to the Company	**(2,066,884)**	**1,609,959**
Accretion of redeemable preference shares to redemption value	(1,035,151)	(1,528,789)
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
Denominator:		
Weighted average number of ordinary shares outstanding	656,200,500	656,200,500
Denominator used in computing earnings (loss) per share – basic and diluted	656,200,500	656,200,500
Earnings (loss) per ordinary share – basic and diluted (US$)	**(0.01)**	—

The following ordinary shares equivalents were excluded from the computation to eliminate any antidilutive effect:

	As of December 31,	
	2021	2022
Redeemable preference shares	1,096,344,600	1,096,344,600
Series Seed preference shares	175,050,000	175,050,000
Financial liability	8,786,150	8,786,150

16. 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.

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
		US$	US$
Issuance of loans to Beijing Puyan	(i)	4,750,311	—
Proceeds from repayment of loans to Beijing Puyan	(i)	—	1,435,833
Interest income from Beijing Puyan	(i)	159,010	173,376
Payment of interest free advance to Mr. Ding Rui	(ii)	—	244,092
Purchase of materials from Shenzhen Zhichong	(iii)	160,287	117,676
Sell products to Zhichong New Energy	(iv)	—	64,549
Repayment of interest free advance from Mr. Ding Rui	(v)	120,289	—

(b) Balance of amounts due from related parties:

(1) Current

		For the Year Ended December 31,	
		2021	2022
		US$	US$
Beijing Puyan	(i)	—	3,225,671
Mr. Ding Rui	(ii)	—	244,092
Shenzhen Zhichong	(iii)	21,120	68,377
Zhichong New Energy	(iv)	—	72,940
		21,120	**3,611,080**

(2) Non-current

		For the Year Ended December 31,	
		2021	2022
		US$	US$
Beijing Puyan	(i)	4,909,321	—
		4,909,321	—

(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 subsequently repaid by Beijing Puyan in January 2023. US$0.16 million and US$0.17 million interest income were recognized for the years ended December 31, 2021 and 2022, 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. Pursuant to a supplementary agreement between the Group and Mr. Ding Rui, the advance shall be repaid prior to the end of August 2023.

(iii) The Group purchased certain types of EV chargers from Shenzhen Zhichong in the amount of US$0.16 million and US$0.12 million for the years ended December 31, 2021 and 2022, respectively. The outstanding balance of advances to Shenzhen Zhichong were US$21 thousand and US$68 thousand as of December 31, 2021 and 2022, 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$21 thousand and US$68 thousand within two months subsequent to December 31, 2021 and 2022, 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 nil and US$72,940 as of December 31, 2021 and 2022, respectively, which were included in amounts due from related parties on the consolidated balance sheets.

(v) 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.

17. REVENUE INFORMATION

Revenues consisted of the following:

	For the Year Ended December 31,	
	2021	2022
	US$	US$
Product revenues	12,541,676	28,744,806
Service revenues	614,216	678,734
Total revenues	**13,155,892**	**29,423,540**

The following summarizes the Group's revenues from the following geographic areas (based on the locations of customers):

	For the Year Ended December 31,	
	2021	2022
	US$	US$
Europe	7,640,261	18,180,788
PRC	4,816,128	4,256,382
Others	699,503	6,986,370
Total revenues	**13,155,892**	**29,423,540**

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.

18. SUBSEQUENT EVENTS

Management has considered subsequent events through September 1, 2023, which was the date the consolidated financial statements were issued.

(a) Restructuring

In March 2023, the Company entered into a reorganization framework agreement with X-Charge Technology, the Founders and the investors of X-Charge Technology. The major Restructuring steps described in Note 1 (b) were agreed and approved by all relevant parties. On June 30, 2023, the Restructuring has been consummated by issuance of the redeemable preference shares, ordinary shares and Series Seed preference shares set forth in Note 12 and 13, respectively.

(b) Issuance of Convertible Notes and Warrants

In July 2023, the Company issued convertible notes with aggregate principal of US$2 million to investor A and convertible notes with aggregate principal of RMB65 million (equivalent to US$9 million) to investor B and investor C. These convertible notes bear interest rate of 10% per annum. The entire principal amount of notes held by investor A, the notes in an amount of RMB30 million held by investor B and the notes in an amount of RMB15 million held by investor C will automatically be converted into Series B+ preference shares of the Company, provided certain conditions are met, at a conversion price determined by dividing USD equivalent of RMB1 billion by the total number of the outstanding shares of the Company immediately prior to the conversion on a fully-diluted and as-converted basis. The notes in an amount of RMB20 million held by investor B, can be convertible into Series B+ preference shares of the Company at the option of investor B, or, if applicable, the latest class of preference shares issued by the Company prior to the conversion, at a conversion price determined at the lower price of (i) dividing USD equivalent of RMB1 billion by the total number of the outstanding shares of the Company immediately prior to the conversion on a fully-diluted and as-converted basis, or (ii) 90% of the share price of new financing of the Company in the event of the Company has new financing before or at the same time of the conversion.

In connection with the issuance of convertible notes, in August 2023, the Company entered into a warrant subscription agreement with investor A, investor B and investor C, pursuant to which the Company granted warrants (i) to investor A to purchase Series B+ preference shares at the purchase price of US$2 million in the number calculated and with the rights and privileges as set forth in the convertible note purchase agreement; (ii) to investor B 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 million in the number calculated and with the rights and privileges as set forth in the convertible note agreement; and (iii) to investor C to purchase 37,840,565 Series B+ preference shares.

The convertible notes and applicable interest are due and payable on the earlier of (i) nine months since July 7, 2023, and (ii) the date when the warrants to purchase redeemable preference shares are exercised. The warrants are exercisable from the date of issuance to the maturity date of the convertible notes.

(c) Grant of Share Awards

On August 15, 2023, the Company granted 150,000,000 unvested shares to its directors, executive officers and certain employees under the 2023 Share Plan, which was approved and adopted by the Company in June 2023. All the unvested shares vested immediately on the dates of grant. Based on the fair value per share at grant date, the Company expected to recognize US$7.5 million (unaudited) of share-based compensation expense related to these shares in August 2023.

The fair value of ordinary shares as at grant date is US$0.05 (unaudited) per share, in determining the fair value of the ordinary shares, the Company applied the income approach based on its discounted future cash flow using its best estimate as at the grant date. The major assumptions used in calculating include discount rate, comparable companies, discount for lack of marketability and revenue growth rates.

19. 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, 2022, 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.

Condensed Balance Sheets

	For the Year Ended December 31,	
	2021	2022
	US$	US$
EQUITY		
Ordinary shares	50,000	50,000
Subscription receivable	(50,000)	(50,000)
TOTAL EQUITY	—	—

XCHG LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2022	As of September 30, 2023
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents		8,338,302	16,381,018
Restricted cash		332,135	220,578
Accounts receivable, net	2	7,559,944	8,873,540
Amounts due from related parties	14	3,611,080	712,266
Inventories	3	6,230,359	5,083,353
Prepayments and other current assets	4	2,111,405	3,857,961
Total current assets		**28,183,225**	**35,128,716**
Non-current assets			
Property and equipment, net	5	229,013	474,226
Intangible assets, net		57,689	34,063
Long-term investments		107,687	104,460
Operating lease right-of-use assets, net		561,502	558,335
Total non-current assets		**955,891**	**1,171,084**
Total assets		**29,139,116**	**36,299,800**
LIABILITIES			
Current liabilities			
Short-term bank borrowings	6	4,122,832	4,874,788
Accounts payable		6,629,837	4,321,574
Contract liabilities		2,809,664	1,205,093
Operating lease liabilities – current		236,433	282,130
Convertible debts	7	—	11,928,576
Financial liability		242,393	230,702
Amounts due to a related party	14	—	59,147
Accrued expenses and other current liabilities	8	3,951,678	3,407,016
Total current liabilities		**17,992,837**	**26,309,026**
Non-current liabilities			
Operating lease liabilities – non-current		289,527	220,846
Other non-current liabilities		8,609	49,144
Total non-current liabilities		**298,136**	**269,990**
Total liabilities		**18,290,973**	**26,579,016**

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

XCHG LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2022	As of September 30, 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 September 30, 2023. Liquidation preference of US$1,220,458 and US$1,183,877 as of December 31, 2022 and September 30, 2023)	10	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 September 30, 2023. Redemption value of US$1,220,458 and US$1,183,877 as of December 31, 2022 and September 30, 2023; Liquidation preference of US$1,220,458 and US$1,183,877 as of December 31, 2022 and September 30, 2023)	10	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 September 30, 2023. Redemption value of US$7,635,384 and US$7,916,986 as of December 31, 2022 and September 30, 2023; Liquidation preference of US$7,500,000 and US$7,500,000 as of December 31, 2022 and September 30, 2023	10	7,635,384	7,916,986
Series A+ redeemable preference shares (US$0.00001 par value; 118,971,900 shares authorized, issued and outstanding as September 30, 2023. Redemption value of US$3,686,144 and US$3,682,434 as of December 31, 2022 and September 30, 2023; Liquidation preference of US$3,686,144 and US$3,682,434 as of December 31, 2022 and September 30, 2023)	10	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 September 30, 2023. Redemption value of US$21,889,771 and US$22,555,511 as of December 31, 2022 and September 30, 2023; Liquidation preference of US$19,613,108 and US$19,025,245 as of December 31, 2022 and September 30, 2023)	10	24,880,147	25,184,594
Subscription receivables	10	—	(1,176,340)
Total mezzanine equity		**38,894,159**	**38,073,290**
SHAREHOLDERS' DEFICIT			
Ordinary shares (USD0.00001 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 September 30, 2023, separately)		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 September 30, 2023)		2,000,000	2,000,000
Additional paid - in capital		—	7,186,958
Accumulated other comprehensive income		780,852	1,366,234
Accumulated deficit		(30,833,430)	(38,913,760)
Total shareholders' deficit		**(28,046,016)**	**(28,352,506)**
Total liabilities, mezzanine equity and shareholders' deficit		**29,139,116**	**36,299,800**

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

XCHG LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Note	For the Nine Months Ended September 30,	
		2022	2023
		US$	US$
Revenues	15	19,178,837	27,994,143
Cost of revenues		(12,189,920)	(15,627,230)
Gross profit		**6,988,917**	**12,366,913**
Operating expenses:			
Selling and marketing expenses		(2,481,027)	(4,017,852)
Research and development expenses		(1,950,761)	(2,598,943)
General and administrative expenses		(1,865,918)	(11,846,017)
Total operating expenses		**(6,297,706)**	**(18,462,812)**
Government grants		28,286	430,013
Operating income (loss)		**719,497**	**(5,665,886)**
Changes in fair value of financial instruments	9	(127,668)	(887,439)
Interest expenses		(48,567)	(192,443)
Interest income		156,843	41,379
Income (loss) before income taxes		**700,105**	**(6,704,389)**
Income tax benefit (expenses)	12	13,088	(4,311)
Net income (loss)		**713,193**	**(6,708,700)**
Other comprehensive income			
Foreign currency translation adjustment, net of nil income taxes		3,128,678	585,382
Comprehensive income (loss)		**3,841,871**	**(6,123,318)**
Loss per ordinary share	13		
– Basic		—	(0.01)
– Diluted		—	(0.01)

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

XCHG LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2022	2023
	US$	US$
Operating activities:		
Net cash used in operating activities	**(1,071,701)**	**(3,081,787)**
Investing activities:		
Proceeds from collection of the loan to a related party of a preferred shareholder	—	2,886,378
Cash paid for purchase of property and equipment and intangible assets	(111,011)	(416,828)
Net cash provided by (used in) investing activities	**(111,011)**	**2,469,550**
Financing activities:		
Proceeds from short-term bank borrowings	4,201,886	25,866,266
Repayment of short-term bank borrowings	(3,027,184)	(24,835,149
Interest free advance to the Founders and two executive officers	(244,092)	(229,112)
Proceeds from collection of advances to the Founders and two executive officers	—	271,575
Payments of initial public offering (“IPO”) cost	—	(1,238,744)
Cash paid to the existing equity holders of X – Charge Technology in connection with the restructuring (see Note 10)	—	(31,882,280)
Cash received from the existing equity holders of X – Charge Technology in connection with the restructuring (see Note 10)	—	30,705,940
Payments for issuance cost of the convertible debts	—	(449,004)
Proceeds from issuance of the convertible debts	—	11,053,172
Net cash provided by financing activities	**930,610**	**9,262,664**
Effect of foreign currency exchange rate changes on cash and cash equivalents and restricted cash	(634,756)	(719,268)
Net decrease in cash, cash equivalents and restricted cash	**(886,858)**	**7,931,159**
Cash, cash equivalents and restricted cash at the beginning of the period	4,827,999	8,670,437
Cash, cash equivalents and restricted cash at the end of the period	**3,941,141**	**16,601,596**
Supplemental cash flow information:		
Interest paid	48,567	192,443
Income taxes paid	—	4,311

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

XCHG LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying unaudited condensed consolidated financial statements of XCHG Limited ("the Company"), its wholly-owned subsidiaries (collectively referred to as "the Group") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted by rules and regulations of the U.S. Securities and Exchange Commission. The consolidated balance sheet as of December 31, 2022 was derived from the audited consolidated financial statements of the Group. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the year ended December 31, 2022.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the financial position as of September 30, 2023, the results of operations and cash flows for the nine months ended September 30, 2022 and 2023, have been made.

The preparation of the unaudited condensed 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 periods. Significant accounting estimates include, but not limited to, allowance for doubtful accounts and credit losses, write downs for excess and obsolete inventories, the realization of deferred income tax assets and the fair value of ordinary shares, redeemable preference shares and convertible debts. 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 unaudited condensed consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the 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 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 the 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$38.6 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 unaudited condensed 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 Company were unable to continue as a going concern.

(b) 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 doubtful accounts.

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 cumulative effect from the adoption as of January 1, 2023 was US$29,923 to the unaudited condensed consolidated financial statements.

(c) 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.

(d) Concentration of risk

Concentration of customers and suppliers

Customers from whom individually represent greater than 10% of total revenues of the Group for the nine months ended September 30, 2022 and 2023 are as follows.

	For the Nine Months Ended September 30,			
	2022		2023	
	US$	%	US$	%
Customer A	13,430,436	70%	12,508,298	45%
Customer B	*	*	4,521,434	16%

Suppliers from whom individually represent greater than 10% of total purchases of the Group for the nine months ended September 30, 2022 and 2023 are as follows:

	For the Nine Months Ended September 30,			
	2022		2023	
	US$	%	US$	%
Supplier C	2,520,715	19%	3,503,103	13%
Supplier D	1,714,767	13%	*	*
Supplier E	1,467,700	11%	6,192,109	23%
Supplier F	*	*	3,026,470	11%

Customers accounting for 10% or more of accounts receivable, net are as follows:

	As of December 31, 2022		As of September 30, 2023	
	US$	%	US$	%
Customer A	5,502,120	73%	4,948,557	56%
Customer G	*	*	1,112,446	13%

Customers accounting for 10% or more of contract liabilities are as follows:

	As of December 31, 2022		As of September 30, 2023	
	US$	%	US$	%
Customer A	*	*	206,919	17%
Customer B	2,434,844	87%	*	*
Customer H	*	*	233,990	19%
Customer I	*	*	164,127	14%

Suppliers accounting for 10% or more of accounts payable are as follows:

	As of December 31, 2022		As of September 30, 2023	
	US$	%	US$	%
Supplier C	*	*	1,026,847	24%
Supplier D	930,266	14%	*	*
Supplier E	2,448,643	37%	1,468,791	34%

Suppliers accounting for 10% or more of prepayments are as follows:

	As of December 31, 2022		As of September 30, 2023	
	US$	%	US$	%
Supplier J	108,468	19%	*	*
Supplier K	99,230	17%	*	*

* The amount was less than 10% of total sales, total purchases or total balance.

Concentration of credit risk

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	As of September 30, 2023
	US$	US$
Financial institutions in the mainland of the PRC		
– Denominated in RMB	5,075,057	11,034,029
– Denominated in USD	—	1,819,214
– Denominated in EUR	2,726,960	2,537,733
Total cash and cash equivalents balances held at mainland PRC financial institutions	**7,802,017**	**15,390,976**
Financial institution in Germany		
– Denominated in EUR	487,754	890,959
Total cash balances held at a Germany financial institution	**487,754**	**890,959**
Financial institutions in the USA		
– Denominated in USD	47,846	98,907
Total cash balances held at a USA financial institution	**47,846**	**98,907**
Total cash and cash equivalents balances held at financial institutions	**8,337,617**	**16,380,842**

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the unaudited condensed consolidated balance sheets that sum to the total of the same such amounts shown in the unaudited condensed consolidated statements of cash flows.

	As of September 30,	
	2022	2023
	US$	US$
Cash and cash equivalents	3,741,603	16,381,018
Restricted cash	199,538	220,578
Total cash, cash equivalents and restricted cash	**3,941,141**	**16,601,596**

(e) 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 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 unaudited condensed consolidated financial statements.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Accounts receivable	7,882,817	9,207,286
Allowance for doubtful accounts	(322,873)	—
Allowance for expected credit losses	—	(333,746)
Accounts Receivable, net	**7,559,944**	**8,873,540**

The movements of the allowance for doubtful accounts were as follows:

	As of September 30,	
	2022	2023
	US$	US$
Balance at the beginning of the period	(271,599)	(322,873)
Provision for doubtful receivables	(242,505)	—
Provision for expected credit losses	—	(211,519)
Write off	248,634	81,920
Reversal	—	110,860
Foreign currency translation	30,680	7,866
Balance at the end of the period	**(234,790)**	**(333,746)**

As of December 31, 2022 and September 30, 2023, accounts receivable, net includes certain accounts receivables that were pledged for short-term bank borrowings (see Note 6).

3. INVENTORIES

Inventories consisted of the following:

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Raw materials	3,650,901	2,066,856
Finished goods	2,579,458	3,016,497
Inventories	**6,230,359**	**5,083,353**

Write-downs of inventories from the carrying amount to its estimated net realizable value in the amount of nil and US$0.16 million were recorded as cost of revenues for the nine months ended September 30, 2022 and 2023, respectively.

4. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following:

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Advances to suppliers	581,365	824,457
Deductible input VAT	949,250	1,304,209
Deferred IPO cost*	318,723	1,366,882
Receivables from third party payment platforms	67,795	68,945
Others**	194,272	293,468
Prepayments and Other Current Assets	**2,111,405**	**3,857,961**

* 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, prepayments and other current assets includes certain other receivables that were pledged for bank borrowings (see Note 6).

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Machinery and equipment	369,268	450,356
EV Chargers	170,769	281,056
Office and electronic equipment	343,633	458,496
Software	18,937	18,369
Leasehold improvement	567,966	580,623
Property and Equipment	**1,470,573**	**1,788,900**
Less: Accumulated depreciation	(1,241,560)	(1,314,674)
Property and Equipment, net	**229,013**	**474,226**

Depreciation expenses were US$0.1 million and US$0.1 million for the nine months ended September 30, 2022 and 2023, respectively.

6. SHORT-TERM BANK BORROWINGS

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Secured bank loans	4,122,832	4,874,788
Short-term bank borrowings	**4,122,832**	**4,874,788**

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 September 30, 2023 were 4.11% and 3.43%, respectively. As of December 31, 2022 and September 30, 2023, the repayments of all short-term bank borrowings are guaranteed by the Founders or third parties.

In connection with the short-term bank borrowings from SPD Silicon Valley Bank, as of December 31, 2022, 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) were pledged to secure bank borrowings from SPD Silicon Valley Bank. X-Charge Technology repaid this loan in full in March 2023 and the pledged accounts receivables and other receivables included in prepayments and other current assets of X-Charge Technology in the amount of RMB12 million was released.

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 September 30, 2023, accounts receivables of X-Charge Technology in the amount of RMB5 million (equivalent to US$0.7 million) were pledged to secure bank borrowings from Development Bank of Singapore. X-Charge Technology repaid this loan in full subsequently in November and December 2023 and the pledged accounts receivables of X-Charge Technology in the amount of RMB5 million was released.

7. 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 unaudited condensed consolidated statement of comprehensive income (loss).

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Accrued payroll and social insurance	2,161,909	2,098,675
Cash collected on behalf of the customers*	569,704	259,887
Other taxes payable	351,910	8,167

	As of December 31, 2022	As of September 30, 2023
	US$	US$
Accrued IPO cost	198,113	66,854
Others**	670,042	973,433
Accrued Expenses and Other Current Liabilities	**3,951,678**	**3,407,016**

* 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 service expenses, accrued interests and accrued warranty.

9. FAIR VALUE MEASUREMENT

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 nine months ended September 30, 2023:

		For the Nine Months Ended September 30, 2023				
			Gain or Losses			
US$	**January 1, 2023**	**Purchase**	**Included in Earnings**	**Included in Other Comprehensive Loss**	**Foreign Currency Translation Adjustment**	**September 30, 2023**
Liabilities:						
Financial liability	242,393	—	(4,530)	—	(7,161)	230,702
Convertible debts	—	11,053,172	891,969	—	(16,565)	11,928,576
Total	**242,393**	**11,053,172**	**887,439**	**—**	**(23,726)**	**12,159,278**

The Company estimated the fair values of financial liability using the option-pricing model with the assistance of an independent third-party valuation firm using the corresponding inputs:

	As of September 30, 2023
Risk-free rate of return (per annum)	4.7%
Volatility	61.4%
Expected dividend yield	0%
Expected term	4.1 years
Fair value of the Company's ordinary shares	US$0.05 per share

The fair value of the convertible debts measured at fair value was US$11.9 million as of September 30, 2023. The Company 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. The 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.

Changes in fair value of convertible debts in the amount of US$0.9 million for the nine-month period ended September 30, 2023, were recognized in the unaudited condensed consolidated statement of comprehensive income (loss).

10. MEZZANINE EQUITY

The activities of the Preference Shares consist of the following:

	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	Subscription receivable	Carrying amount	Subscription receivable	Carrying amount	Carrying amount	Carrying amount	
	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of January 1, 2023	**1,220,458**	**—**	**1,220,458**	**—**	**7,635,384**	**3,937,712**	**24,880,147**	**38,894,159**
Accretion of redeemable preference shares	—	—	—	—	373,973	—	1,236,076	1,610,049
Issuance of preference shares in exchange for the equity interests in X-Charge Technology in connection with the restructuring	—	(588,170)	—	(588,170)	—	—	—	(1,176,340)
Foreign currency translation adjustment	(44,118)	—	(44,118)	—	(92,371)	(142,342)	(931,629)	(1,254,578)
Balance as of September 30, 2023	**1,176,340**	**(588,170)**	**1,176,340**	**(588,170)**	**7,916,986**	**3,795,370**	**25,184,594**	**38,073,290**

As part of the Restructuring, in order to facilitate the contribution to the preference shares subscription of XCHG Limited, X-Charge Technology paid back cash in an amount equal to the original investment in X-Charge Technology to the existing equity holders of X-Charge Technology, who agreed to pay such amounts to XCHG Limited as subscription price for the preference shares issued to them. During the nine-month period ended September 30, 2023, X-Charge Technology paid US$31.8 million of cash to its existing equity holders, and XCHG Limited received US$31.8 million of cash from these existing equity holders of X-Charge Technology. As of September 30, 2023, US$1.2 million of the subscription price was not received by the Company, which was recorded as subscription receivables in the consolidated balance sheet, all of which was subsequently received by the end of October 2023.

Assuming a Qualified IPO 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$38.6 million.

11. 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 schedule.

On August 15, 2023, the Company granted 150,000,000 unvested shares to its directors, executive officers and certain employees under the 2023 Share Plan, which was approved and adopted by the Company in June 2023. All the unvested shares vested immediately on the dates 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 August 2023.

The fair value of ordinary shares as at grant date is US$0.05 per share, in determining the fair value of the ordinary shares, the Company applied the income approach based on its discounted future cash flow using its best estimate as at the grant date. The major assumptions used in calculating include discount rate, comparable companies, discount for lack of marketability and revenue growth rates.

12. INCOME TAX

The Group recorded an income tax benefit of US$13 thousand and income tax expense of US$4 thousand for nine months ended September 30, 2022 and 2023, representing effective tax rates of 1.9% and 0.1%, respectively.

The effective income tax rate for the nine months ended September 30, 2022 and 2023 differs from the PRC statutory income tax rate of 25% primarily due to the valuation allowance recorded against deferred tax assets of loss-making entities.

13. LOSS PER SHARE

For the purpose of calculating loss per share, the number of shares used in the calculation reflects the outstanding shares of the Company as if the Restructuring took place at the earliest period presented.

	For the Nine Months Ended September 30,	
	2022	2023
	US$	US$
Loss per ordinary share – basic:		
Numerator:		
Net income (loss) attributable to the Company	**713,193**	**(6,708,700)**
Accretion of redeemable preference shares to redemption value	(1,312,216)	(1,610,049)
Net loss attributable to ordinary shareholders of the Company – basic	(599,023)	(8,318,749)
Denominator:		
Weighted average number of ordinary shares outstanding	656,200,500	674,693,651
Denominator used in computing loss per share – basic and diluted	656,200,500	674,693,651
Loss per ordinary share – basic and diluted (US$)	**—**	**(0.01)**

The following ordinary shares equivalents were excluded from the computation to eliminate any antidilutive effect:

	As of September 30,	
	2022	2023
Redeemable preference shares	1,096,344,600	1,096,344,600
Series Seed preference shares	175,050,000	175,050,000
Financial liability	8,786,150	8,786,150
Convertible debts	—	200,205,636*

* The conversion price used to calculate ordinary shares equivalents is RMB0.3964 per share. The exchange rate of RMB against US$used was 7.1798, which was the exchange rate by the People's Bank of China on September 30, 2023.

14. RELATED PARTY BALANCE AND TRANSACTIONS

The Group mainly had the following transactions and balances with related parties:

(a) Major transactions with related parties

		For the Nine Months Ended September 30,	
		2022	2023
		US$	US$
Proceeds from collection of loans to Beijing Puyan	(i)	—	2,886,378
Interest income from Beijing Puyan	(i)	133,838	6,009
Interest free advance to Mr. Ding Rui	(ii)	244,092	48,429
Proceeds from collection of the advance to Mr. Ding Rui	(ii)	—	244,092

		For the Nine Months Ended September 30,	
		2022	2023
		US$	US$
Purchase of materials from Shenzhen Zhichong	(iii)	97,666	127,017
Sell products to Zhichong New Energy	(iv)	—	276,967
Interest free advance to Mr. Hou Yifei	(v)	—	153,200
Interest free advances to two executive officers	(v)	—	27,483
Proceeds from collection of advances to the two executive officers	(v)	—	27,483

(b) Balance of amounts due from related parties:

		As of December 31, 2022	As of September 30, 2023
		US$	US$
Beijing Puyan	(i)	3,225,671	350,133
Mr. Ding Rui	(ii)	244,092	48,429
Shenzhen Zhichong	(iii)	68,377	—
Zhichong New Energy	(iv)	72,940	160,504
Mr. Hou Yifei	(v)	—	153,200
		3,611,080	**712,266**

(c) Balance of amounts due to a related party:

		As of December 31, 2022	As of September 30, 2023
		US$	US$
Shenzhen Zhichong	(iii)	—	59,147
		—	**59,147**

(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 RMB20 million (equivalent to US$2.8 million) was repaid by Beijing Puyan in January 2023. US$0.13 million and US$6 thousand interest income were recognized for the nine months ended September 30, 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, which was fully collected in September 2023.
In September 2023, the Group provided interest-free advance in the amount of RMB0.35 million (equivalent to US$48.4 thousand) to Mr. Ding Rui for his personal use, which has been collected in January 2024.

(iii) The Group purchased certain types of EV chargers from Shenzhen Zhichong in the amount of US$98 thousand and US$127 thousand for the nine months ended September 30, 2022 and 2023, respectively.
The outstanding balance of advances to Shenzhen Zhichong was US$68 thousand as of December 31, 2022, which was included in amounts due from related parties on the consolidated balance sheet. The Group received the EV chargers in the amount of US$68 thousand within two months subsequent to December 31, 2022.

The outstanding balance of accounts payable to Shenzhen Zhichong was US$59 thousand as of September 30, 2023, which was included in amounts due to a related party on the consolidated balance sheet.

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 in the amount of US$277 thousand for the nine months ended September 30, 2023. The outstanding balance of accounts receivable from Zhichong New Energy were US$73 thousand and US$161 thousand as of December 31, 2022 and September 30, 2023, respectively, which were included in amounts due from related parties on the consolidated balance sheets. The receivables due from Zhichong New Energy will be collected within six months since the date of delivery.

(v) In September 2023, the Group provided interest-free advances in the amount of RMB1.1 million (equivalent to US$0.15 million) and RMB0.2 million (equivalent to US$27.5 thousand) to Mr. Hou Yifei, one of the Founders, and other two executive officers for their personal use. The advances to the two executive officers were fully collected in September 2023, and the advance to Mr. Hou Yifei has been collected in January 2024. The outstanding balance of amounts due from Mr. Hou Yifei was US$153 thousand as of September 30, 2023.

15. REVENUE INFORMATION

Revenues consisted of the following:

	For the Nine Months Ended September 30,	
	2022	2023
	US$	US$
Product revenues	18,912,161	27,733,657
Service revenues	266,676	260,486
Total revenues	**19,178,837**	**27,994,143**

The following summarizes the Group’s revenues from the following geographic areas (based on the locations of customers):

	For the Nine Months Ended September 30,	
	2022	2023
	US$	US$
Europe	13,237,610	18,663,402
PRC	2,518,600	3,852,970
Others	3,422,627	5,477,771
Total revenues	**19,178,837**	**27,994,143**

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.

For the nine months ended September 30, 2022 and 2023, revenues recognized that was included in the contract liabilities at January 1, 2022 and 2023 amounted to US$1.6 million and US$2.7 million, respectively.

16. CHANGES IN SHAREHOLDERS' DEFICIT

	Ordinary shares		Series Seed preference shares	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' deficit
	Number	Amount	Amount	Amount	Amount	Amount
Balance as of January 1, 2022	**656,200,500**	**6,562**	**2,000,000**	**(1,802,144)**	**(30,914,600)**	**(30,710,182)**
Net income	—	—	—	—	713,193	713,193
Accretion of redeemable preference shares to redemption value	—	—	—	—	(1,312,216)	**(1,312,216)**
Foreign currency translation adjustment, net of nil income taxes	—	—	—	3,128,678	—	**3,128,678**
Balance as of September 30, 2022	**656,200,500**	**6,562**	**2,000,000**	**1,326,534**	**(31,513,623)**	**(28,180,527)**

	Ordinary shares		Series Seed preference shares	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' deficit
	Number	Amount	Amount	Amount	Amount	Amount	Amount
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	—	—	—	—	—	(6,708,700)	**(6,708,700)**
Issuance of unvested shares	150,000,000	1,500	—	7,455,300	—	—	7,456,800
Accretion of redeemable preference shares to redemption value	—	—	—	(268,342)	—	(1,341,707)	**(1,610,049)**
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	585,382	—	**585,382**
Balance as of September 30, 2023	**806,200,500**	**8,062**	**2,000,000**	**7,186,958**	**1,366,234**	**(38,913,760)**	**(28,352,506)**

17. SUBSEQUENT EVENTS

Management has considered subsequent events through February 1, 2024, which was the date the unaudited condensed 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 7.

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
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 Note Investment Agreement
10.8†	Warrant Subscription 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.

† 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 February 1, 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 February 1, 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 February 1, 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]

Exhibit 3.1

THE CAYMAN ISLANDS

THE COMPANIES ACT
(AS AMENDED)

Second Amended and Restated Memorandum of Association

of

XCHG Limited

(Adopted by a Special Resolution dated August 7, 2023)

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THE COMPANIES ACT
(AS AMENDED)

COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

XCHG Limited

(Adopted by a Special Resolution dated August 7, 2023)

1. The name of the Company is **XCHG Limited.**

2. The registered office shall be situated at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act (As Amended) or any other law of the Cayman Islands and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in any part of the world whether as principal, agent, contractor or otherwise.

4. The Company shall not be permitted to carry on any business where a licence is required under the laws of the Cayman Islands to carry on such a business until such time as the relevant licence has been obtained.

5. As an exempted company, the Company's operations will be carried on subject to the provisions of Section 174 of the Companies Act (As Amended).

6. The liability of each Shareholder is limited to the amount from time to time unpaid on such Shareholder's share.

7. The authorised share capital of the Company is USD50,000.00 divided into 3,524,410,240 Ordinary Shares of par value of USD0.00001 each, 75,000,000 Series Angel Preference Shares of par value of USD0.00001 each, 175,050,000 Series Seed Preference Shares of par value of USD0.00001 each, 300,000,000 Series A Preference Shares of par value of USD0.00001 each, 118,971,900 Series A+ Preference Shares of par value of USD0.00001 each, 602,372,700 Series B Preference Shares of par value of USD0.00001 each, and 204,195,160 Series B+ Preference Shares of par value of USD0.00001 each, with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, 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 condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

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8. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

9. Capitalised terms that are not defined in this Second Amended and Restated Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

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THE CAYMAN ISLANDS

THE COMPANIES ACT
(AS AMENDED)

Second Amended and Restated Articles of Association

of

XCHG Limited

(Adopted by a Special Resolution dated August 7, 2023)

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THE COMPANIES ACT
(AS AMENDED)

COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

XCHG Limited

(Adopted by a Special Resolution dated August 7, 2023)

TABLE A

The Regulations contained or incorporated in Table A in the First Schedule to the Companies Act (As Amended) shall not apply to the Company and the following Regulations shall comprise the Second Amended and Restated Articles of Association of the Company:

INTERPRETATION

1 In these Second Amended and Restated Articles of Association, the following terms shall have the meanings set opposite unless the context otherwise requires:

"**Additional Ordinary Shares**" with respect to a series of Preference Shares shall mean all Ordinary Shares issued (or deemed to be issued or issuable pursuant to Article 13.2(e)(i)(1) hereof) by the Company, other than Ordinary Shares issued or deemed issued below (collectively as to all such Shares and Shares deemed issued, "**Exempted Securities**"):

(a) Ordinary Shares, Options or Convertible Securities issued pursuant to the ESOP duly adopted by the Board pursuant to Articles 90 through 92;

(b) Ordinary Shares, Options or Convertible Securities issued pursuant to the bona fide acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or more than fifty percent (50%) of the voting power of such other corporation or entity, *provided* that such acquisition has been duly approved by all Directors;

(c) any Ordinary Shares issued upon conversion of the Preference Shares (including Warrant Shares).

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“**Anti-Corruption Laws**”	means (a) the United States Foreign Corrupt Practices Act of 1977; (b) the United Kingdom Bribery Act 2010; and (c) all applicable national, regional, provincial, state, municipal or local laws and regulations that prohibit tax evasion, money laundering or otherwise dealing in the proceeds of crime or the bribery of, or the providing of unlawful gratuities, facilitation payments, or other benefits to, any Government Official or any other person.
“**Articles**”	means these Second Amended and Restated Articles of Association of the Company, as amended, restated or supplemented from time to time by Special Resolution.
“**as-converted**”	means as-converted to Ordinary Shares.
“**Auditors**”	means the auditors of the Company for the time being, if appointed.
“**Beijing Entity**”	means Beijing X-Charge Technology Co., Ltd. (北京智充科技有限公 司).
“**Board of Directors” or “Board”**	means the board of directors of the Company.
“**Breaching Party**”	has the meaning given to it in Article 13.4(a)(i).
“**Business Day”**	means a day (other than a Saturday or Sunday) on which banks are open for business in the PRC, in the United States of America, in the Cayman Islands and in Hong Kong.
“**CFO**”	has the meaning given to it in the Investors’ Rights Agreement.
“**China-US Green**”	means Beijing China-US Green Investment Center L.P. (北京中美绿 色投资中心(有限合伙)).
“**China-US Green Observer”**	has the meaning given to it in Article 75.
“**Closing Date**”	has the meaning given to it in the WSA.
“**Companies Act**”	means the Companies Act (As Amended) of the Cayman Islands, as amended or supplemented from time to time.
“**Company**”	means XCHG Limited.
“**Contingency Event**”	has the meaning given to it in Article 13.2(a)(ii).
“**Control**”	with respect to any party, shall have the meaning given to that term in Rule 405 under the Securities Act, and shall be deemed to exist for any party (a) when such party holds at least twenty percent (20%) of the outstanding voting securities of such third party and no other party owns a greater number of outstanding voting securities of such third party, or (b) over other members of such party’s Immediate Family Members, or (c) when such party possesses the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, or (d) such party possesses the beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person, or power to control the composition of the board of directors or similar governing body of such Person. The terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

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"**CB Conversion**"	means (i) the conversion of the principal amount of the convertible loans provided by 58 and Shell into the Equity Securities of the Company pursuant to the Onshore CB Agreement and (ii) the "Conversion" as defined under the Offshore CB Agreement (as the case may be).
"**Conversion Price**"	with respect to a series of Preference Shares shall initially mean the Original Issue Price for such series of Preference Shares (such initial Conversion Price, and the rate at which a series of Preference Shares may be converted into Ordinary Shares, shall be subject to adjustment from time to time as provided in Article 13.2(e) hereof).
"**Conversion Rights**"	has the meaning given to it in Article 13.2.
"**Conversion Time**"	has the meaning given to it in Article 13.2(a)(ii).
"**Convertible Securities**"	means any evidences of indebtedness, shares or other securities directly or indirectly convertible into, exercisable or exchangeable for Ordinary Shares, but excluding Options.
"**Deemed Liquidation Event"**	has the meaning given to it in Article 13.1(c).
"**Directors**"	means the directors for the time being of the Company, or as the case may be, the directors assembled as a board or as a committee thereof.
"**Shanghai Dingpai**"	means Shanghai Dingpai Enterprise Management Consulting L.P. (上 海鼎湃企业管理咨询合伙企业（有限合伙）).
"**Eastern Bell Observer**"	has the meaning given to it in Article 75.
"**Electronic Record**"	has the meaning given to that expression in the Electronic Transactions Act (as Revised) of the Cayman Islands, as amended from time to time.
"**Equity Securities**"	has the meaning given to it in the Investors' Rights Agreement.
"**ESOP**"	means the employee share incentive plan of the Company taking effect on or prior to the Closing Date, or any other similar plan to be approved by the Board in accordance with Articles 90 through 92 hereof (including the expansion of number of ESOP Shares to be approved by all Investors in accordance with Section 11.4 of the Investors' Rights Agreement).

Filed: 07-Aug-2023 16:09 EST
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“**Excess Amount**”	has the meaning given to it in Article 13.1(d).
“**FET**”	means Beijing Foreign Economic and Trade Development Guidance Fund L.P. (北京外经贸发展引导基金(有限合伙)).
“**FET Director**”	has the meaning given to it in Article 74(a).
“**Founder(s)**”	has the meaning given to it in the Investors’ Rights Agreement.
“**Founder Entity**” or “**Founder Entities**”	has the meaning given to it in the Investors’ Rights Agreement.
“**GGV**”	means GGV (Xcharge) Limited.
“**GGV Director**”	has the meaning given to it in Article 74(c).
“**GM**”	has the meaning given to it in Article 80.
“**Governmental Authority**”	mean (i) any nation, government, federation, province or state or any other political subdivision thereof, or any national, provincial, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any Governmental Authority, agency, department, board, commission or instrumentality of the PRC, the Cayman Islands, Hong Kong or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization, (ii) any public international organization, (iii) any agency, division, bureau, department or other sector of any government, entity or organization described in the foregoing (i) or (ii) of this definition, or (iv) any state-owned or state-controlled enterprise or other entity owned or controlled by any government, entity or organization described in (i), (ii) or (iii) of this definition.
“**Government Official**”	means any official or employee of any government, or any agency, ministry, department of a government (at any level), person acting in an official capacity for a government regardless of rank or position, official or employee of an entity wholly or partially controlled by a government (for example, a state owned oil company), political party and any official of a political party; candidate for political office, officer or employee of a public international organization, such as the United Nations or the World Bank, or immediate family member (meaning a spouse, child, sibling, parent, or household member) of any of the foregoing.
“**Governmental Order**”	means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.
“**Group Compan(ies)**”	has the meaning given to it in the Investors’ Rights Agreement.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

"**IFRS**"	means the applicable International Financial Reporting Standards as published by the International Accounting Standards Board from time to time.
"**Immediate Family Member"**	mean a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.
"**in writing**"	means written, printed, lithographed, Electronic Record, photographed or telexed or represented by any other substitute for writing or partly one and partly another.
"**Interim Board Meeting**"	has the meaning given to it in Article 89.
"**Investor(s)**"	has the meaning given to it in the Investors' Rights Agreement.
"**Investors' Rights Agreement**"	means the Amended and Restated Investors' Rights Agreement dated as of August 4, 2023 entered into by and among the Company, the Investors, the Founders and certain other parties thereto.
"**Law**" **or** "**Laws**"	mean any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any Governmental Order.
"**Lead Investors**"	means collectively FET, Shell, GGV, Zhen Partners and 58 (with respect to each of them, for so long as it holds any Equity Security of the Company); a "**Lead Investors**" shall mean each of the Lead Investors.
"**Liquidation Preference**"	with respect to each Series B+ Preference Share shall mean one hundred percent (100%) of the Original Issue Price of such series of Preference Shares, plus an amount that accrued on the Original Issue Price of such series of Preference Shares at a simple interest rate of eight percent (8%) per annum, during the period commencing from the Original Issue Date of such Series B+ Preference Share and ending on the date that such Member of the Series B+ Preference Shares receives its respective Liquidation Preference hereunder in full, plus any dividends declared but unpaid thereon; with respect to each Series B Preference Share shall mean one hundred percent (100%) of the Original Issue Price of such series of Preference Shares plus any dividends declared but unpaid thereon; with respect to each Series A+ Preference Share shall mean one hundred percent (100%) of the Original Issue Price of such series of Preference Shares plus any dividends declared but unpaid thereon; with respect to each Series A Preference Share shall mean one hundred fifty percent (150%) of the Original Issue Price of such series of Preference Shares plus any dividends declared but unpaid thereon; with respect to each Series Angel Preference Share shall mean one hundred percent (100%) of the Original Issue Price of such series of Preference Shares plus any dividends declared but unpaid thereon.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

“**Lost Certificate Affidavit”**	has the meaning given to it in Article 13.2(a)(ii).
“**Mandatory Conversion Time”**	has the meaning given to it in Article 13.2(b)(i).
“**Majority Lead Investors”**	means the simple majority of the Lead Investors (for the avoidance of doubts, if there are five (5) Lead Investors, the Majority Lead Investors shall mean any three (3) Lead Investors).
“**Maximum Interest**”	has the meaning given to it in Article 13.1(d).
“**Member**”	means a holder from time to time of Ordinary Shares or Preference Shares.
“**Memorandum of Association”**	means the Second Amended and Restated Memorandum of Association of the Company, as amended, restated or supplemented from time to time by Special Resolution.
“**Options**”	means rights, options or warrants to subscribe for, purchase or otherwise acquire Ordinary Shares or Convertible Securities, including the Warrants.
“**Ordinary Directors**”	has the meaning given to it in Article 74(f).
“**Ordinary Majority**”	means Founder Entit(ies) holding more than fifty percent (50%) of the total issued and outstanding Ordinary Shares held by the Founder Entities on an as-converted and fully-diluted basis.
“**Ordinary Resolution**”	means a resolution: a. (x) passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled and (y) approved by the Ordinary Majority; or b. approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments signed in the aggregate by all of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is signed.
“**Onshore CB**”	means the convertible loan provided by 58 and Shell to the Beijing Entity pursuant to the Onshore CB Agreement.
“**Onshore CB Agreement**”	means the Convertible Loan Investment Agreement (可转债投资协 议) entered into by and among the Beijing Entity, the Company, 58, Shell and certain other parties therein dated on June 20, 2023.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

"**Offshore CB**"	means the principal amount of the SAIC Note paid by SAIC to the Company.
"**Offshore CB Agreements"**	(x) the Convertible Note Purchase Agreement entered into by and among the Company, SAIC, and certain other parties thereto on June 20, 2023, and (y) the Convertible Promissory Note issued by the Company to SAIC on July 17, 2023 (the "**SAIC Note**").
"**Ordinary Share**"	means the Ordinary Shares of the Company, nominal or par value US$0.00001 per share.
"**Original Issue Date**"	with respect to the Series Angel Preference Shares, shall mean February 13, 2018; with respect to the Series Seed Preference Shares held by Zhen Partners shall mean August 3, 2016; with respect to the Series Seed Preference Shares held by Hegao Zhixing, shall mean January 16, 2023; with respect to the Series A Preference Shares held by Zhen Partners, shall mean November 17, 2017; with respect to Series A Preference Shares held by GGV, shall mean November 15, 2017; with respect to the Series A+ Preference Shares held by GGV, shall mean June 26, 2018; with respect to the Series A+ Preference Shares held by Zhen Partners, shall mean June 28, 2018; with respect to Series A+ Preference Shares held by Yuanyan, shall mean April 3, 2018; with respect to 66,897,232 Series B Preference Shares held by FET, shall mean March 24, 2021; with respect to 63,192,968 Series B Preference Shares held by FET, shall mean March 29, 2021; with respect to 66,897,232 Series B Preference Shares held by FET, shall mean April 22, 2021; with respect to 63,192,968 Series B Preference Shares held by FET, shall mean April 30, 2021; with respect to the Series B Preference Shares held by Shell, shall mean June 8, 2021; with respect to the Series B Preference Shares held by Peikun Jingrong and Peikun Songfu, shall mean August 4, 2021; with respect to the Series B Preference Shares held by China-US Green shall mean August 24, 2021; with respect to the Series B+ Preference Shares issuable under 58 Warrants, the date 58 pays the convertible loan under the Onshore CB Agreement to the Beijing Entity; with respect to the Series B+ Preference Shares issuable under the Series B+ Warrant held by Shell, the date Shell pays the convertible loan under the Onshore CB Agreement to the Beijing Entity; with respect to the Series B+ Preference Shares issuable under the Series B+ Warrant held by SAIC, the date SAIC pays to the Company the purchase price of the SAIC Note.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
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"**Original Issue Price**" with respect to the Series Angel Preference Share, shall mean RMB0.2267 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series Angel Preference Shares); with respect to the Series Seed Preference Share held by Zhen Partners, shall mean US$0.0114 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series Seed Preference Shares); with respect to the Series Seed Preference Share held by Hegao Zhixing, shall mean US$0.0292 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series Seed Preference Shares); with respect to the Series A Preference Share, shall mean US$0.0167 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series A Preference Shares); with respect to the Series A+ Preference Share held by Zhen Partners, shall mean US$0.0358 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series A+ Preference Shares); with respect to the Series A+ Preference Share held by Yuanyan, shall mean RMB0.2267 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series A+ Preference Shares); with respect to the Series A+ Preference Share held by GGV, shall mean US$0.0251 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series A+ Preference Shares); with respect to the Series B Preference Share, shall mean RMB0.2268 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series B Preference Shares); with respect to the Series B+ Preference Share issued or issuable under the 58 Warrant I held by 58, shall mean RMB0.3567 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series B+ Preference Shares); with respect to the Series B+ Preference Share issued or issuable under the 58 Warrant II held by 58, shall mean the Investor 1 Offshore Shares II Conversion Price (投资方1境外股份II转股单价, as defined in the Onshore CB Agreement) (subject to adjustment from time to time for Recapitalizations with respect to the Series B+ Preference Shares); with respect to the Series B+ Preference Share issued or issuable under the Series B+ Warrants held by Shell and SAIC, shall mean RMB0.3964 per share (subject to adjustment from time to time for Recapitalizations with respect to the Series B+ Preference Shares).

"**Restricted Jurisdiction**" means a country, state, territory or region which is subject to comprehensive economic or trade restrictions under Trade Control Laws. As of the date of these Articles, Restricted Jurisdictions include Cuba, Crimea and Sevastopol, Iran, North Korea, Sudan and Syria.

"**Restricted Party**" means any individual, legal person, entity or organisation that is:

(i) resident, established or registered in a Restricted Jurisdiction;

(ii) classified as a US OFAC Specially Designated National or otherwise subject to blocking sanctions under Trade Control Laws;

(iii) directly or indirectly owned or controlled (as these terms are interpreted under the relevant Trade Control Laws), or acting on behalf of, persons, entities or organisations described in (i) or (ii); or

(iv) a director, officer or employee of a legal person, entity or organisation described in (i) to (iii).

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
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"**paid up**"	includes credited as paid up.
"**Peikun Jingrong**"	means Chengdu Peikun Jingrong Venture Capital Partnership L.P. (成都沛坤菁蓉创业投资合伙企业(有限合伙)).
"**Peikun Songfu**"	means Chengdu Peikun Songfu Technology Partnership L.P. (成都沛 坤宋富科技合伙企业(有限合伙)).
"**Person**" or "**person**"	means any individual, corporation, partnership, trust, limited liability company, association or other entity.
"**PRC**"	means the People's Republic of China excluding, for the sole purposes of these Articles, Hong Kong, the Macau Special Administrative Region and Taiwan.
"**Preference Directors**"	means collectively the FET Director, the Shell Director, the GGV Director, the Zhen Partners Director and the 58 Director; a "**Preference Director**" shall mean each of the Preference Directors.
"**Preference Shares**"	means the Series Angel Preference Shares, the Series Seed Preference Shares, the Series A Preference Shares, the Series A+ Preference Shares, the Series B Preference Shares, and the Series B+ Preference Shares.
"**Qualified IPO**"	has the meaning given to it in the Investors' Rights Agreement.
"**Qualified Share Sale**"	means a transaction or series of related transaction in which a Person, or a group of Persons, acquires all Shares and Warrants held by the Investors in the Company as approved by the Board in accordance with these Articles, which (i) involves a pre-money valuation of the Company of more than one hundred and fifty percent (150%) of the Series B+ Post-Money Valuation, and (ii) enables all Investors to exit from the Company in such transaction or series of related transaction.
"**Recapitalization**"	means any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event.
"**Register of Members**" **or** "**Register**"	means the register of members of the Company to be kept by the Company in accordance with Section 40 of the Companies Act.
"**Registered Office**"	means the registered office of the Company as provided in Section 50 of the Companies Act.
"**Regular Board Meeting**"	has the meaning given to it in Article 89.
"**Repurchase**"	has the meaning given to it in Article 13.4(a)(i).
"**Repurchase Holders**"	has the meaning given to it in Article 13.4(a)(i).
"**Repurchase Date**"	has the meaning given to it in Article 13.4(b)(i).

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

"**Repurchase Request**"	has the meaning given to it in Article 13.4(b)(i).
"**SAIC**"	means Mobility Innovation Fund, LLC.
"**Seal**"	means the Common Seal (if any) of the Company including any facsimile thereof for use outside of the Cayman Islands.
"**Secretary**"	means any person appointed by the Directors to perform any of the duties of the secretary of the Company including any assistant secretary.
"**Series A Capital Increase Agreement"**	means the Capital Increase Agreement (增资协议) dated September 15, 2017 entered into by and among GGV, Zhen Partners, the Beijing Entity, the Founders and certain other parties named therein.
"**Series A Preference Shares**"	means the Series A Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights preference and privileges set forth in these Articles.
"**Series A Repurchase Price"**	has the meaning given to it in Article 13.4(a)(ii)(dd).
"**Series A+ Capital**	means the Capital Increase Agreement (增资协议) dated April 2,
Increase Agreement"	2018 entered into by and among Yuanyan, GGV, Zhen Partners, the Beijing Entity, the Founders and certain other parties named therein.
"**Series A+ Preference Shares**"	means the Series A+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights, preference and privileges set forth in these Articles. For purposes of these Articles, to the extent legally permissible under applicable Laws, the Series A+ Preference Shares referred to in these Articles shall include such Series A+ Preference Shares issuable under any Warrant, whether such Warrant has been exercised or not, and the holders of the Warrants shall be deemed as the holders of the corresponding Series A+ Preference Shares of the Company and shall be entitled to all the rights and privileges the holders of the corresponding Series A+ Preference Shares have in accordance with these Articles as if such Warrants have been fully exercised and such holders of Warrants have been duly registered as Shareholders of the Company.
"**Series A+ Repurchase Price**"	has the meaning given to it in Article 13.4(a)(ii)(cc).
"**Series Angel Preference Shares**"	means the Series Angel Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights, preference and privileges set forth in these Articles. For purposes of these Articles, to the extent legally permissible under applicable Laws, the Series Angel Preference Shares referred to in these Articles shall include such Series Angel Preference Shares issuable under any Warrant, whether such Warrant has been exercised or not, and the holders of the Warrants shall be deemed as the holders of the corresponding Series Angel Preference Shares of the Company and shall be entitled to all the rights and privileges the holders of the corresponding Series Angel Preference Shares have in accordance with these Articles as if such Warrants had been fully exercised and such holders of Warrants have been duly registered as Shareholders of the Company.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

"**Series Angel Repurchase Price**" has the meaning given to it in Article 13.4(a)(ii)(ee).

"**Series B Investment Agreement**" means (i) the Investment Agreement (投资协议书) entered into by and among FET, the Beijing Entity, the Founders and certain other parties named therein in 2021; and (ii) the Investment Agreement (投资协议书) dated June 1, 2021 entered into by and among Shell, the Beijing Entity, the Founders and certain other parties named therein.

"**Series B Preference Shares**" means the Series B Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights, preference and privileges set forth in these Articles. For purposes of these Articles, to the extent legally permissible under applicable Laws, the Series B Preference Shares referred to in these Articles shall include such Series B Preference Shares issuable under any Warrant, whether such Warrant has been exercised or not, and the holders of the Warrants shall be deemed as the holders of the corresponding Series B Preference Shares of the Company and shall be entitled to all the rights and privileges the holders of the corresponding Series B Preference Shares have in accordance with these Articles as if such Warrants had been fully exercised and such holders of Warrants have been duly registered as Shareholders of the Company.

"**Series B Repurchase Price**" has the meaning given to it in Article 13.4(a)(ii)(bb).

"**Series B+ Investors**" has the meaning given to it in the Investors' Rights Agreement.

"**Series B+ Preference Shares**" means the Series B+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights, preference and privileges set forth in these Articles. For purposes of these Articles, to the extent legally permissible under applicable Laws and unless otherwise provided in these Articles and other Transaction Agreements, the Series B+ Preference Shares referred to in these Articles shall include such Series B+ Preference Shares issuable under any Warrant (including the 58 Warrants), whether such Warrant has been exercised or not, and the holders of the Warrants shall be deemed as the holders of the corresponding Series B+ Preference Shares of the Company and shall be entitled to all the rights and privileges the holders of the corresponding Series B+ Preference Shares have in accordance with these Articles as if such Warrants had been fully exercised and such holders of Warrants have been duly registered as Shareholders of the Company. And for purpose of these Articles, for the avoidance of doubt, with respect to 58 Warrant II, during the period from the issue date of 58 Warrant II to the date such 58 Warrant II has been fully exercised or terminated and for so long as the principal amount of the convertible loan corresponding to 58 Warrant II is outstanding, 58 shall be deemed as the holder of Series B+ Preference Shares as if 58 exercised the 58 Warrant II to purchase the Series B+ Preference Shares.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

"**Series B+ Repurchase Price**"	has the meaning given to it in Article 13.4(a)(ii)(aa)
"**Series B+ Warrants**"	has the meaning given to the "Warrants" in the WSA. A "**Series B+ Warrant**" shall mean each of the Series B+ Warrants.
"**Series B+ Warrant Holder**"	means the holder of the Warrants issued pursuant to the WSA.
"**Series B+ Post-Money Valuation"**	means the amount equal to (a) the comprehensive pre-money valuation (综合投前估值, as defined in the Onshore CB Agreement), plus (b) the aggregate principal amount under the Onshore CB Agreement and the Offshore CB Agreements that has been converted into the Series B+ Preference Shares.
"**Series Seed Preference Shares**"	means the Series Seed Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights, preference and privileges set forth in these Articles. For purposes of these Articles, to the extent legally permissible under applicable Laws, the Series Seed Preference Shares referred to in these Articles shall include such Series Seed Preference Shares issuable under any Warrant, whether such Warrant has been exercised or not, and the holders of the Warrants shall be deemed as the holders of the corresponding Series Seed Preference Shares of the Company and shall be entitled to all the rights and privileges the holders of the corresponding Series Seed Preference Shares have in accordance with these Articles as if such Warrants have been fully exercised and such holders of Warrants have been duly registered as Shareholders of the Company.
"**share**" or "**Share**"	means the Ordinary Shares and Preference Shares, as applicable.
"**Shareholder**"	means a person whose name is entered in the Register of Members or a Warrant Holder.
"**Shell**"	means Shell Capital Co., Ltd. (壳牌资本有限公司).

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

"**Shell Director**"	has the meaning given to it in Article 74(b).
"**Shell's Side Letter**"	has the meaning ascribed to it in the SWSA.
"**signed**"	includes a signature or representation of a signature affixed by mechanical means.
"**Special Resolution**"	means subject to Articles 90 through 92, a resolution passed in accordance with Section 60 of the Companies Act, being a resolution: a. (x) passed by a majority of at least two-thirds (2/3) of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing such a majority to the number of votes to which each Shareholder is entitled and (y) approved by the Ordinary Majority; or b. approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments signed in the aggregate by all of the Shareholders and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed.
"**Statute**"	means the Companies Act (as amended).
"**Subsidiary**"	with respect to any subject entity (the "**subject entity**"), (i) any company, partnership or other entity (x) more than 50% of whose shares or other interests entitled to vote in the election of directors or (y) more than 50% interest in the profits or capital of such entity are owned or Controlled, directly or indirectly, by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with IFRS or U.S. GAAP, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another subsidiary.
"**Shanghai Dingbei**"	means Shanghai Dingbei Enterprise Management Consulting L.P. (上海鼎北企业管理咨询合伙企业（有限合伙）).
"**SWSA**"	means Share and Warrant Subscription Agreement dated June 20, 2023 by and among the Company, the Investors (other than 58 and SAIC) and certain other parties named therein.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

"**Trade Control Laws**"	with respect to any Person, means any applicable Laws concerning trade or economic sanctions or embargoes, Restricted Party lists, trade controls on the imports, export, re-export, transfer or otherwise trade of goods, services or technology, anti-boycott legislation and any other similar regulations, rules, restrictions, orders or requirements having the force of law in relation to the above matters and in force from time to time, including those of the European Union, the United Kingdom, the United States of America or any government Laws in relation to the above matters.
"**Transaction Agreements**"	has the meaning given to it in the Investors' Rights Agreement.
"**Trigger Event**"	has the meaning given to it in Article 13.4(a)(i).
"**U.S. GAAP**"	means the accounting principles generally accepted in the United States.
"**Warrant(s)**"	means the Warrants issued by the Company according to the SWSA and the WSA.
"**Warrant Holder**"	means the holder(s) of the Warrants.
"**Warrant Shares**"	has the meaning given to it in the SWSA and the meaning given to it in the WSA (as the case may be).
"**WSA**"	means the Warrant Subscription Agreement dated August 4, 2023 by and among the Company, the Series B+ Investors and certain other parties named therein.
"**Yuanyan**"	means Shanghai Yuanyan Enterprise Management Consulting L.P. (上海源彦企业管理咨询合伙企业(有限合伙)).
"**Zhen Partners**"	means Zhen Partners Fund IV L.P.
"**Zhen Partners Director**"	has the meaning given to it in Article 74(d).
"58"	means Wuxi Shenqi Leye Private Equity Fund Partnership L.P. (无锡神骐乐业私募基金合伙企业(有限合伙)).
"58 Director"	has the meaning given to it in Article 74(b)(v).
"58 Warrant I"	means the Warrant to purchase Series B+ Preference Shares issued by the Company to 58 at the closing under the WSA, whereby 58 is entitled to purchase 84,104,289 Series B+ Preference Shares at the purchase price of USD equivalent of RMB30,000,000 (deducting necessary bank charges, if any).
"58 Warrant II"	means the Warrant to purchase Preference Shares issued by the Company to 58 at the closing under the WSA, whereby 58 is entitled to purchase certain number of Series B+ Preference Shares or New Financing Shares (as defined therein) at the purchase price of USD equivalent of RMB20,000,000 (deducting necessary bank charges, if any).

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

2 In these Articles, save where the context requires otherwise:

2.1 words importing the singular number shall include the plural number and vice versa;

2.2 words importing the masculine gender only shall include the feminine gender;

2.3 words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;

2.4 the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;

2.5 a reference to an Article shall be to an Article of these Articles;

2.6 a reference to a dollar or dollars or US$ is a reference to United States dollars, the lawful currency of the United States of America; and

2.7 a reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force.

3 Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4 The business of the Company may be commenced as soon after incorporation as the Directors see fit.

5 The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARE CAPITAL

6 The authorised share capital of the Company at the date of adoption of these Articles is US$50,000.00 divided into 3,524,410,240 Ordinary Shares of US$0.00001 each, 75,000,000 Series Angel Preference Shares of US$0.00001 each, 175,050,000 Series Seed Preference Shares of US$0.00001 each, 300,000,000 Series A Preference Shares of US$0.00001 each, 118,971,900 Series A+ Preference Shares of US$0.00001 each, 602,372,700 Series B Preference Shares of US$0.00001 each, and 204,195,160 Series B+ Preference Shares of US$0.00001 each.

7 Subject to any applicable provisions in the Second Amended and Restated Memorandum of Association of the Company, and without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by Special Resolution determine, and subject to the provisions of section 37 of the Companies Act, any share may, with the sanction of a Special Resolution, be issued on the terms that it is, or at the option of the Company or the holder is liable, to be redeemed.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

8 Subject as otherwise provided in these Articles, all shares for the time being and from time to time unissued shall be under the control of the Directors, and may be re-designated, allotted, issued or otherwise disposed of in such manner, to such persons and on such terms as the Directors, in their absolute discretion, may think fit. The Directors may issue shares in separate classes and may issue shares of any class in different series.

9 The Company shall not issue shares to bearer.

10 The Company may, in so far as may be permitted by law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

11 The Directors shall keep or cause to be kept a Register of Members as required by Section 40 of the Companies Act at such place or places as the Directors may from time to time determine, and in the absence of any such determination, the Register of Members shall be kept at the registered office of the Company. The Company shall not be bound to register more than four persons as the joint holders of any share or shares.

FRACTIONAL SHARES

12 The Directors may issue fractions of a share up to such number of decimal places as they shall determine of any class or series of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class or series of shares.

RIGHTS, PREFERENCES AND PRIVILEGES OF SHARES

13 Certain rights, preferences and privileges of the shares of the Company are as follows:

13.1 Liquidation Rights

(a) Preferential Payments to Members of Preference Shares

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event,

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

(i) before any payment shall be made to any Member of other Preference Shares and/or any Member of Ordinary Shares, each Member of the Series B+ Preference Shares who has participated in the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event shall be entitled to be paid for each Series B+ Preference Share it holds then, on a pari passu basis, out of the funds and assets available for distribution to Members, an amount equal to the Liquidation Preference specified for the Series B+ Preference Share. If the funds and assets available for distribution shall be insufficient to pay all the Members of the Series B+ Preference Shares the full amounts to which they are entitled under this Article 13.1(a)(i), then the entire funds and assets available for distribution shall be distributed ratably among the Members of the Series B+ Preference Shares in proportion to the full Liquidation Preference each Member of the Series B+ Preference Shares would otherwise be entitled to receive pursuant to this Article 13.1(a)(i);

(ii) after the aggregate Liquidation Preference with respect to the Series B+ Preference Shares has been paid in full to each Member of the Series B+ Preference Shares pursuant to Article 13.1(a)(i) above and before any payment shall be made to any Member of other Preference Shares and/or any Member of Ordinary Shares by reason of their ownership thereof, each Member of Series B Preference Shares then issued and outstanding who has participated in the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event shall be entitled to be paid for each Series B Preference Share it holds then, on a pari passu basis, out of the funds and assets available for distribution to Members, an amount equal to the Liquidation Preference specified for the Series B Preference Share. If the funds and assets available for distribution shall be insufficient to pay all the Members of the Series B Preference Shares the full amounts to which they are entitled under this Article 13.1(a)(ii), the Members of the Series B Preference Shares shall share ratably in any distribution of the funds and assets available for distribution in proportion to the number of Series B Preference Shares held by them upon such distribution;

(iii) after the aggregate Liquidation Preference with respect to the Series B+ Preference Shares and the Series B Preference Shares has been paid in full to each Member of the Series B+ Preference Shares and each Member of the Series B Preference Shares pursuant to Article 13.1(a)(i) and Article 13.1(a)(ii) above and before any payment shall be made to any Member of other Preference Shares and/or any Member of Ordinary Shares by reason of their ownership thereof, each Member of Series A+ Preference Shares then issued and outstanding who has participated in the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event shall be entitled to be paid for each Series A+ Preference Share it holds then, on a pari passu basis, out of the funds and assets available for distribution to Members, an amount equal to the Liquidation Preference specified for the Series A+ Preference Share. If the funds and assets available for distribution shall be insufficient to pay all the Members of the Series A+ Preference Shares the full amounts to which they are entitled under this Article 13.1(a)(iii), the Members of the Series A+ Preference Shares shall share ratably in any distribution of the funds and assets available for distribution in proportion to the number of Series A+ Preference Shares held by them upon such distribution;

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(iv) after the aggregate Liquidation Preference with respect to the Series B+ Preference Shares, the Series B Preference Shares and the Series A+ Preference Shares has been paid in full to each Member of the Series B+ Preference Shares, each Member of the Series B Preference Shares and each Member of the Series A+ Preference Shares pursuant to Articles 13.1(a)(i), 13.1(a)(ii) and 13.1(a)(iii) above and before any payment shall be made to any Member of other Preference Shares and/or any Member of Ordinary Shares by reason of their ownership thereof, each Member of Series A Preference Shares then issued and outstanding who has participated in the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event shall be entitled to be paid for each Series A Preference Share it holds then, on a pari passu basis, out of the funds and assets available for distribution to Members, an amount equal to the Liquidation Preference specified for the Series A Preference Share. If the funds and assets available for distribution shall be insufficient to pay all the Members of the Series A Preference Shares the full amounts to which they are entitled under this Article 13.1(a)(iv), the Members of the Series A Preference Shares shall share ratably in any distribution of the funds and assets available for distribution in proportion to the number of Series A Preference Shares held by them upon such distribution;

(v) after the aggregate Liquidation Preference with respect to the Series B+ Preference Shares, the Series B Preference Shares, the Series A+ Preference Shares and the Series A Preference Shares has been paid in full to each Member of the Series B+ Preference Shares, each Member of the Series B Preference Shares, each Member of the Series A+ Preference Shares and each Member of the Series A Preference Shares pursuant to Articles 13.1(a)(i), 13.1(a)(ii), 13.1(a)(iii) and 13.1(a)(iv) above and before any payment shall be made to any Member of other Preference Shares and/or any Member of Ordinary Shares by reason of their ownership thereof, each Member of Series Angel Preference Shares who has participated in the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event shall be entitled to be paid for each Series Angel Preference Share it holds then, on a pari passu basis, out of the funds and assets available for distribution to Members, an amount equal to the Liquidation Preference specified for Series Angel Preference Share. If the funds and assets available for distribution shall be insufficient to pay Members of the Series Angel Preference Shares the full amounts to which they are entitled under this Article 13.1(a)(v), the Members of Series Angel Preference Shares shall share ratably in any distribution of the funds and assets available for distribution in proportion to the number of Series Angel Preference Shares held by them upon such distribution.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(b) Participating Distribution of Remaining Assets

In the event of any liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the Members of certain Preference Shares as provided in Article 13.1(a) hereof, the remaining funds and assets available for distribution to Members shall be distributed among all the Members of the Preference Shares (including Members of Series B+ Preference Shares, Members of Series B Preference Shares, Members of Series A+ Preference Shares, Members of Series A Preference Shares, Members of Series Angel Preference Shares) and the Members of the Ordinary Shares, on a pari passu basis in proportion to the number of Shares held by each such Member, treating for this purpose all Preference Shares as if they have been converted to Ordinary Shares and all Warrant Shares as if the Warrants have been fully exercised and all Warrant Shares converted to Ordinary Shares pursuant to the terms of these Articles immediately prior to such liquidation, dissolution or winding up of the Company or such Deemed Liquidation Event.

(c) Deemed Liquidation Events

Each of the following events shall be considered a "**Deemed Liquidation Event**":

(i) any merger, amalgamation, consolidation, share acquisition, or other transactions or a series of related transactions, after which the holders of the shares of the Company immediately prior to such transaction do not retain at least a majority of voting power of the Company or the surviving or acquiring Person in such transaction;

(ii) any sale of all or substantially all the assets of the Group Companies taken as a whole; or

(iii) exclusive licensing of all or substantially all the intellectual properties of the Group Companies taken as a whole.

(d) Series B+ Warrant Holder

If, before the exercise of its Series B+ Warrants, any onshore Series B+ Warrant Holder requests distribution in accordance with this Article 13.1 and any portion of the principal amount of its Onshore CB is then outstanding, the Company shall cause such onshore Series B+ Warrant Holder to receive an amount equal to its respective Liquidation Preference specified for the Series B+ Preference Shares under this Article 13.1 by causing the Beijing Entity to repay to such onshore Series B+ Warrant Holder the principal amount and interests of its Onshore CB; the portion of such onshore Series B+ Warrant Holder's respective Liquidation Preference specified for the Series B+ Preference Shares exceeding the principal amount of its respective Onshore CB (the "**Excess Amount**") shall be automatically regarded as the interests of its respective Onshore CB under the Onshore CB Agreement and repaid by the Beijing Entity. If the foregoing Excess Amount is greater than the interests accrued on the principal amount of the Onshore CB calculated at the rate of four times of the one-year LPR published by the People's Bank of China on the date of the Onshore CB Agreement (the "**Maximum Interest**"), the portion of the Excess Amount over the Maximum Interest shall be paid to such onshore Series B+ Warrant Holder by the Beijing Entity in a lawful manner acceptable to both the Company and such onshore Series B+ Warrant Holder. For the avoidance of doubt, if the Beijing Entity has fully paid the Liquidation Preference specified for the Series B+ Preference Shares to such onshore Series B+ Warrant Holder in accordance with this Article 13.1, the Beijing Entity shall be deemed to have fully performed its obligation to repay the principal amount and interests to such onshore Series B+ Warrant Holder under the Onshore CB Agreement and such onshore Series B+ Warrant Holder shall not be entitled to require the Company to distribute any funds or assets in accordance with this Article 13.1.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

(e) Termination

The rights and covenants set forth in this Article 13.1 shall terminate and be of no further force and effect upon the consummation of a Qualified IPO.

13.2 Conversion

The Members of the Preference Shares shall have conversion rights as follows (the "**Conversion Rights**"):

(a) Right to Convert

(i) Conversion Ratio

Each Preference Share shall be convertible, at the option of the Member thereof, at any time after the date of issuance, and without the payment of any additional consideration by the Member thereof, into such number of fully paid Ordinary Shares as is determined by dividing the Original Issue Price for such series of Preference Share by the Conversion Price for such series of Preference Share in effect at the time of conversion. The Conversion Price for a series of Preference Shares shall be subject to adjustment as hereinafter provided.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

(ii) Notice of Conversion

In order for a Member of Preference Shares to voluntarily convert Preference Shares into Ordinary Shares on such Member's sole discretion, such Member shall surrender the certificate or certificates for such Preference Shares (or, if such Member alleges that any such certificate has been lost, stolen or destroyed, a lost share certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate (a "**Lost Certificate Affidavit**")), at the office of the transfer agent for the Preference Shares (or at the Registered Office if the Company serves as its own transfer agent), together with written notice that such Member elects to convert all or any number of the Preference Shares represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent (a "**Contingency Event**") . Such notice shall state such Member's name or the names of the nominees in which such Member wishes the certificate or certificates for the Ordinary Shares to be issued. If required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Company, duly executed by the registered Member or such Member's attorney duly authorized in writing. The close of business on the date of receipt by the Company or its transfer agent of such certificates evidencing the Preference Shares being converted (or, if such Member alleges that any such certificate has been lost, stolen or destroyed, a Lost Certificate Affidavit) and notice (or, if later, the date on which all Contingency Events have occurred) shall be time of conversion (the "**Conversion Time**"), and the Ordinary Shares issuable upon conversion of the Preference Shares represented by such certificate shall be deemed to be issued and outstanding of record as of such time. The Company shall, as soon as practicable after the Conversion Time, (a) issue and deliver to such Member of Preference Shares or to such Member's nominee(s), a certificate or certificates for the number of full Ordinary Shares issuable upon such conversion in accordance with the provisions hereof and a certificate or certificates for the number (if any) of Preference Shares represented by the surrendered certificates that were not converted into Ordinary Shares, (b) pay in cash such amount as provided in Article 13.2(f)(ii) hereof in lieu of any fraction of an Ordinary Shares otherwise issuable upon such conversion and (c) pay all declared but unpaid dividends on the Preference Shares converted.

(iii) Effect of Voluntary Conversion

All Preference Shares that shall have been converted as herein provided shall no longer be deemed to be issued and outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the Members thereof to receive Ordinary Shares in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Article 13.2(f)(ii) hereof and to receive payment of any dividends declared but unpaid thereon.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(b) Mandatory Conversion

(i) Automatic Conversion

Upon the closing of a Qualified IPO (the "**Mandatory Conversion Time**"), all issued and outstanding Preference Shares shall automatically be converted into Ordinary Shares, at the applicable ratio described in Article 13.2(a)(i) hereof as the same may be adjusted from time to time in accordance with Article 13.2(e) hereof.

(ii) Mandatory Conversion Procedural Requirements

All Members of record of Preference Shares shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such Preference Shares pursuant to Articles 13.2(b)(i) and Articles 129 to 133 hereof. Unless otherwise provided in these Articles, such notice needs not to be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each Member of Preference Shares shall surrender such Member's certificate or certificates for all such Preference Shares (or, if such Member alleges that any such certificate has been lost, stolen or destroyed, a Lost Certificate Affidavit) to the Company at the place designated in such notice, and shall thereafter receive certificates for the number of Ordinary Shares to which such Member is entitled pursuant to this Article 13.2(b). If so required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form reasonably satisfactory to the Company, duly executed by the registered Member or by such Member's attorney duly authorized in writing. All rights with respect to the Preference Shares converted pursuant to this Article 13.2(b), including the rights, if any, to receive notices and vote (other than as a Member of Ordinary Shares), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the Member or Members thereof to surrender the certificates at or prior to such time), except only the rights of the Members thereof, upon surrender of their certificate or certificates (or, if such Member alleges that any such certificate has been lost, stolen or destroyed, a Lost Certificate Affidavit) therefor, to receive the items provided for in the next sentence of this Article 13.2(b)(ii). As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or, if such Member alleges that any such certificate has been lost, stolen or destroyed, a Lost Certificate Affidavit) for Preference Shares, the Company shall issue and deliver to such Member, or to such Member's nominee(s), a certificate or certificates for the number of full Ordinary Shares issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Article 13.2(f)(ii) hereof in lieu of any fraction of an Ordinary Share otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the Preference Shares converted. The Register shall be updated accordingly to reflect such conversion.

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(c) Method of Conversion

The Company shall give effect to any conversion pursuant to these Articles by any of the following methods (or a combination thereof) and in all such cases the form, manner, timing and execution of the conversion shall, subject to these Articles, occur as set out below:

(i) Provided that the number of the Preference Shares being converted is equal to the number of the Ordinary Shares into which they convert, such Preference Shares shall be converted into Ordinary Shares by way of automatic re-designation of such Preference Shares as Ordinary Shares (with the rights, privileges, terms and obligations of Ordinary Shares) and the converted Preference Shares shall from that point form part of the class of Ordinary Shares (and shall cease to form part of the class of Preference Shares).

(ii) If conversion may not be effected pursuant to clause (i) above, by the repurchase or redemption of the converting Preference Shares and, in consideration, the issue of the appropriate number of Ordinary Shares. The Board has the authority (notwithstanding any other provision of these Articles to the contrary) to effect such repurchase or redemption and issue of Ordinary Shares in such manner as it considers appropriate.

(iii) If conversion may not be effected pursuant to clauses (i) and (ii) above, by such other method as may be permitted by Law from time to time and approved by the Board.

Conversion of Preference Shares into Ordinary Shares shall be evidenced in the Register.

(d) Termination of Conversion Rights

In the event a notice of repurchase is given with respect to any Preference Shares pursuant to Article 13.4 hereof, the Conversion Rights of the Preference Shares designated for repurchase shall terminate at the close of business on the Repurchase Date for such Preference Shares. Subject to Article 13.2(a)(ii) hereof in the case of a Contingency Event, in the event of a liquidation, dissolution or winding up of the Company or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the date fixed for the first payment of any funds and assets distributable on such event to the Members of Preference Shares.

(e) Adjustments to Conversion Price

(i) Adjustments for Diluting Issuances

(1) Deemed Issue of Additional Ordinary Shares

a) If the Company issues any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or fixes a record date for the determination of Members of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability (including the passage of time) but without regard to any provision contained therein for a subsequent adjustment of such number including by way of anti-dilution adjustment) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of a series of Preference Shares pursuant to the terms of Article 13.2(e)(i)(2) hereof, are revised in accordance with Articles 90 through 92 as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (i) any increase or decrease in the number of Ordinary Shares issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (ii) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price of such series of Preference Shares computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price of such series of Preference Shares as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this Article 13.2(e)(i)(1)b) shall have the effect of increasing the Conversion Price of a series of Preference Shares to an amount which exceeds the lower of (1) the Conversion Price for such series of Preference Shares in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (2) the Conversion Price for such series of Preference Shares that would have resulted from any issuances of Additional Ordinary Shares (other than deemed issuances of Additional Ordinary Shares as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities that are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of a series of Preference Shares pursuant to the terms of Article 13.2(e)(i)(2) hereof (either because the consideration per share (determined pursuant to Article 13.2(e)(i)(3) hereof) of the Additional Ordinary Shares subject thereto was equal to or greater than the Conversion Price of such series of Preference Shares then in effect, or because such Option or Convertible Security was issued before the Original Issue Date of such series of Preference Shares), are revised after the Original Issue Date of such series of Preference Shares as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (i) any increase in the number of Ordinary Shares issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (ii) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Ordinary Shares subject thereto (determined in the manner provided in Article 13.2(e)(i)(1)a) hereof) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) that resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of a series of Preference Shares pursuant to the terms of Article 13.2(e)(i)(2) hereof, the Conversion Price of such series of Preference Shares shall be readjusted to such Conversion Price of such series of Preference Shares as would have obtained had such Option or Convertible Security (or portion thereof) never been issued. Notwithstanding the foregoing, no readjustment pursuant to this Article 13.2(e)(i)(1)d) shall have the effect of increasing the Conversion Price of a series of Preference Shares to an amount which exceeds the lower of (1) the Conversion Price for such series of Preference Shares in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (2) the Conversion Price for such series of Preference Shares that would have resulted from any issuances of Additional Ordinary Shares (other than deemed issuances of Additional Ordinary Shares as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

e) If the number of Ordinary Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price of a series of Preference Shares provided for in this Article 13.2(e)(i)(1) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in Articles 13.2(e)(i)(1)b) and 13.2(e)(i)(1)c) hereof). If the number of the Ordinary Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to such Conversion Price that would result under the terms of this Article13.2(e)(i)(1) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to such Conversion Price that such issuance or amendment took place at the time such calculation can first be made. No readjustment pursuant to this Article 13.2(e)(i)(1)e) shall have the effect of increasing the respective applicable Conversion Price of any Preference Shares to an amount which exceeds the lower of (1) the Conversion Price for such series of Preference Shares in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (2) the Conversion Price for such series of Preference Shares that would have resulted from any issuances of Additional Ordinary Shares (other than deemed issuances of Additional Ordinary Shares as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

(2) Issuance of Additional Ordinary Shares

In the event the Company issues Additional Ordinary Shares (including Additional Ordinary Shares deemed to be issued pursuant to Article 13.2(e)(i)(1) hereof) without consideration or for a consideration per share less than the Conversion Price for any series of Preference Shares in effect immediately prior to such issue, then the Conversion Price for such series of Preference Shares shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-thousandth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 \times (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

"CP_2" shall mean the applicable Conversion Price in effect immediately after such issue or deemed issue of Additional Ordinary Shares;

"CP_1" shall mean the applicable Conversion Price in effect immediately prior to such issue or deemed issue of Additional Ordinary Shares;

"A" shall mean the number of Ordinary Shares issued and outstanding immediately prior to such issue or deemed issue of Additional Ordinary Shares (treating for this purpose as outstanding all Ordinary Shares issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preference Shares) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

"B" shall mean the number of Ordinary Shares that would have been issued or deemed issued if such Additional Ordinary Shares had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP_1); and

"C" shall mean the number of such Additional Ordinary Shares actually issued or deemed issued in such transaction.

This Article 13.2(e)(i)(2) shall not apply to the Conversion Price for Series B+ Preferences Shares issuable under the 58 Warrant II until 58 exercises the 58 Warrant II. For the avoidance of doubts, the Conversion Price of any Series B+ Preferences Shares (including the Series B+ Preferences Shares issuable under the Warrants) shall not be reduced because of the issuance of Series B+ Warrants or the issuance of Series B+ Preferences Shares pursuant to Series B+ Warrants.

(3) Determination of Consideration

For purposes of this Article 13.2(e)(i), the consideration received by the Company for the issue or deemed issue of any Additional Ordinary Shares shall be computed as follows:

a) Cash and Property

Such consideration shall:

i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with such issuance and excluding amounts paid or payable for accrued interest;

ii) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board; and

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 Auth Code: K70033535877

iii) in the event Additional Ordinary Shares are issued together with other Shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.

b) Options and Convertible Securities

The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article 13.2(e)(i)(1) hereof relating to Options and Convertible Securities shall be determined by dividing:

i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

ii) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

www.verify.gov.ky File#: 384991

Filed: 07-Aug-2023 16:09 EST
Auth Code: K70033535877

(ii) Adjustment for Share Splits and Combinations

If the Company effects a subdivision of the issued and outstanding Ordinary Shares but without effecting the same subdivision of the issued and outstanding Preference Shares, the Conversion Price for each series of Preference Shares in effect immediately before that subdivision shall be proportionately decreased so that the number of Ordinary Shares issuable on conversion of each Preference Share of such series shall be increased in proportion to such increase in the aggregate number of Ordinary Shares issued and outstanding. If the Company combines or consolidates the issued and outstanding Ordinary Shares but without effecting the same combination or consolidation of the issued and outstanding Preference Shares, the Conversion Price for any series of Preference Shares in effect immediately before the combination shall be proportionately increased so that the number of Ordinary Shares issuable on conversion of each Preference Share of such series shall be decreased in proportion to such decrease in the aggregate number of Ordinary Shares issued and outstanding. Any adjustment under this Article 13.2(e)(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(iii) Adjustment for Certain Dividends and Distributions

In the event the Company makes or issues, or fixes a record date for the determination of Members of Ordinary Shares entitled to receive, a dividend or other distribution payable on the Ordinary Shares in additional Ordinary Shares, then and in each such event the Conversion Price for each series of Preference Shares in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying such Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Ordinary Shares issuable in payment of such dividend or other distribution.

Notwithstanding the foregoing, (i) if such record date shall have been fixed and such dividend is not fully paid or if such other distribution is not fully made on the date fixed therefor, such Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Price shall be adjusted pursuant to this Article 13.2(e)(iii) as of the time of actual payment of such dividends or other distributions; and (ii) no such adjustment shall be made if the Members of such series of Preference Shares simultaneously receive a dividend or other distribution of Ordinary Shares in a number equal to the number of Ordinary Shares as they would have received if all issued and outstanding Shares of such series of Preference Shares had been converted into Ordinary Shares on the date of such event.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(iv) Adjustments for Other Dividends and Distributions

In the event the Company makes or issues, or fixes a record date for the determination of Members of Ordinary Shares entitled to receive, a dividend or other distribution payable in securities of the Company (other than a distribution of Ordinary Shares in respect of outstanding Ordinary Shares), then and in each such event the Members of each series of Preference Shares shall receive, simultaneously with the distribution to the Members of Ordinary Shares, a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all issued and outstanding Shares of such series of Preference Shares had been converted into Ordinary Shares on the date of such event.

(v) Adjustment for Reclassification, Exchange and Substitution

If the Ordinary Shares issuable upon the conversion of any series of Preference Shares is changed into the same or a different number of Shares of any class or classes of Shares, whether by capital reorganization, reclassification or otherwise (other than by a subdivision or combination of shares, dividend, distribution covered by Articles 13.2(e)(ii), 13.2(e)(iii) or 13.2(e)(iv) hereof or by Article 13.1(c) hereof regarding a Deemed Liquidation Event), then in any such event each Member of such Preference Shares of such series shall have the right thereafter to convert such Preference Shares into the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification or other change by Members of the number of Ordinary Shares into which such Preference Shares could have been converted immediately prior to such capital reorganization, reclassification or change.

(f) General Conversion Provisions

(i) Certificate as to Adjustments

Upon the occurrence of each adjustment or readjustment of the Conversion Price of a series of Preference Shares pursuant to Article 13.2(e) hereof, the Company at its expense shall, as promptly as reasonably practicable but in any event not later than fifteen (15) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Member of such series of Preference Shares a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such series of Preference Shares is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, as promptly as reasonably practicable after the written request at any time of any Member of any series of Preference Shares, furnish or cause to be furnished to such Member a certificate setting forth (a) the Conversion Price of such series of Preference Shares then in effect and (b) the number of Ordinary Shares and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such series of Preference Shares.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

(ii) Fractional Shares

No fractional Ordinary Shares shall be issued upon conversion of the Preference Shares. In lieu of any fractional Ordinary Shares to which the Member would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the fair value of an Ordinary Share as determined in good faith by the Board. Whether or not fractional Ordinary Shares would be issuable upon such conversion shall be determined on the basis of the total number of Preference Shares the Member is at the time converting into Ordinary Shares and the aggregate number of Ordinary Shares issuable upon such conversion.

(iii) No Further Adjustment after Conversion

Upon any conversion of Preference Shares into Ordinary Shares, no adjustment to the Conversion Price of the applicable series of Preference Shares shall be made with respect to the converted Preference Shares for any declared but unpaid dividends on such series of Preference Shares or on the Ordinary Shares delivered upon conversion.

13.3 Voting of Shares

(a) Generally

Except as otherwise expressly provided herein or as required by Law, the Members of Preference Shares and the Members of Ordinary Shares shall vote together and not as separate classes.

(b) Ordinary Shares

Each Member of Ordinary Shares shall be entitled to one (1) vote for each Share thereof held.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(c) Preference Shares

Each Member of Preference Shares shall be entitled to the number of votes equal to the number of Ordinary Shares into which the Preference Shares held by such Member calculated on as as-converted basis. The Members of Preference Shares shall be entitled to vote on all matters on which the Members of Ordinary Shares shall be entitled to vote. Members of Preference Shares shall be entitled to notice of any general meeting in accordance with these Articles. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which Preference Shares held by each Member could be converted) shall be disregarded.

(d) Warrants

Each Warrant Holder shall be entitled to the number of votes equal to the number of Ordinary Shares into which the Warrant Shares (as if the Warrant had been fully exercised), which such Warrant Holder is entitled to subscribe for, could be converted. Each Warrant Holder shall be entitled to vote on all matters on which the Members of Ordinary Shares shall be entitled to vote. Each Warrant Holder shall be entitled to notice of any general meeting in accordance with these Articles. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which Warrant Shares (as if the Warrants have been fully exercised), which each Warrant Holder is entitled to subscribe for, could be converted) shall be disregarded.

13.4 Repurchase Right

(a) Repurchase at the Option of the Members of the Preference Shares

(i) Request for Repurchase

Subject to the terms and conditions of this Article 13.4(a) and the provisions of any applicable Laws, the occurrence of any of the following after the Closing Date shall constitute a trigger event (a "**Trigger Event**"): (aa) the Company's failure to complete a Qualified IPO before September 30, 2024; (bb) in the event of any material breach of any of the applicable Laws (including Laws relating to anti-corruption and trade control), the Investors' Rights Agreement, these Articles and its amendment from time to time and/or the Governance Plans (as defined in the Shell's Side Letter) of the Company as approved by the Board by the Company, Beijing Entity, any Founder Entities and/or any Founder, the Company, Beijing Entity, Founder Entity and/or such Founder, as the case may be, fails to cure such material breach within thirty (30) days after receipt of written notice from 58, Shell, FET, Yuanyan, GGV, Zhen Partners, Shanghai Dingbei and/or Shanghai Dingpai requesting cure of such material breach; (cc) in the event of any material breach of any of the provisions in the Onshore CB Agreement, Offshore CB Agreements, the Series B Investment Agreement, the Series A+ Capital Increase Agreement or the Series A Capital Increase Agreement or their amendment from time to time executed with such Repurchase Holder by Beijing Entity and/or any Founder, Beijing Entity and such Founder, as the case may be, fails to cure such material breach (if curable) within thirty (30) days after receipt of written notice from 58, Shell, FET, Yuanyan's Affiliate, GGV or Zhen Partners requesting cure of such material breach; (dd) the Company's failure to complete a Qualified Share Sale before September 30, 2024; (ee) any breach of any of the applicable Laws (including Anti-Corruption Laws and Trade Control Laws), the Investors' Rights Agreement, these Articles or the principles and policies of the Company (in particular the principles relating to health safety, security, environment, social performance and compliance) by any Member (with respect to breaches of matters other than the Anti-Corruption Laws and/or Trade Control Laws, such Member shall exclude the Investors) or any Founder or any Director designated by such Member or any management personnel of the Company (the "**Breaching Party**") due to such Person's willful act, gross negligence or willful misconduct, which results in (or would result in) huge losses to the Group Companies in terms of business opportunities, profit or reputation or severe damage to the reputation of any non-breaching Member, the Breaching Party, as the case may be, refuses to cure, or fails to cure the breach action or to remove and replace the relevant Director (if applicable) within thirty (30) days after receipt of written notice from any non-breaching Member requesting cure of such breach; (ff) the Company and/or any Founder becomes a Restricted Party, or the performance of the obligations under the Investors' Rights Agreement or these Articles will result in such risk as the Beijing Entity or any Member or any Founder may be listed in the list of Restricted Parties or become a target of sanctions under any Trade Control Laws, which risk has been proved by sufficient evidence; (gg) the termination of the employment relationship between any Founder and the Group Companies, or the engagement in or participation in any other business that would substantially affect his working time for the Group Companies (whether such business competes with the business of any Group Company or not), and such Founder has failed to cure the foregoing within thirty (30) days after receipt of written notice from such Repurchase Holder; (hh) change of Control of the Company; (ii) the information disclosed by the Company and/or any Founder to such Repurchase Holder contains materially false statement or material omission or is materially misleading, or the Company and/or any Founder materially breaches other provisions of the Investors' Rights Agreement, these Articles, the Onshore CB Agreement or the WSA, and the Company or such Founder has failed to cure such breach within thirty (30) days after receipt of written notice from such Repurchase Holder.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

In the event of the occurrence of both item (aa) and item (dd), or in the event of the occurrence of any of item (bb), item (cc), item (ee), item (ff), item (gg), item (hh) and item (ii), each Member of Series B+ Preference Shares, Series B Preference Shares, Series A+ Preference Shares, Series A Preference Shares and Series Angel Preference Shares (collectively, the "**Repurchase Holders**", and each, a "**Repurchase Holder**") shall have the right to request the Company to repurchase or redeem all or any portion of the Preference Shares (including the Warrants) held by it, at the per share price equal to the applicable Repurchase Price, *provided* that each Member of Series Angel Preference Shares shall only have the right to request the Company to repurchase no more than half of Preference Shares (including the corresponding Warrants) held by it at that time (the "**Repurchase Right**"); *provided* further that each Member of Series B+ Preference Shares shall only be entitled to the Repurchase Right or the Put Option Right hereunder upon the consummation of its respective CB Conversion (for the avoidance of doubts, each Member of Series B+ Preference Shares shall not be entitled to the Repurchase Right or the Put Option Right hereunder with respect to the Series B+ Preference Shares issuable but not issued under the Series B+ Warrants). If any Trigger Event occurs due to the breach of contract by any Founder, then each of the Repurchase Holders who have the Repurchase Right under such Trigger Event shall have, in addition to the Repurchase Right, a put option (the "**Put Option Right**") to sell to such Founder all or any portion of Preference Shares (including the Warrants) held by it, and such Founder shall then be obligated to buy such portion of Preference Shares from such Repurchase Holder, at the per share price equal to the applicable Repurchase Price, *provided* that each Member of Series Angel Preference Shares shall only have the right to request such Founder to purchase no more than half of Preference Shares (including the corresponding Warrants) held by it at that time. For the avoidance of doubts, the Repurchase Holders shall not sell their Shares or Warrants twice for purpose of receiving the corresponding Repurchase Price twice by exercising both the Repurchase Right and Put Option Right.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(ii) Repurchase Price

(aa) Repurchase Price of Series B+ Preference Shares

The repurchase price for each Series B+ Preference Share shall equal to the amount (the "**Series B+ Repurchase Price**") determined in accordance with the following formula:

$F1 \times (1 + 8\% \times T/365) + B1$

For the purpose of the foregoing formula, the following definitions shall apply:

(1) "F1" shall mean the Original Issue Price of such Series B+ Preference Share,

(2) "T" shall mean the calendar days starting from the Original Issue Date of such Series B+ Preference Share until the relevant Repurchase Holder has received its aggregate Series B+ Repurchase Price,

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

(3) “B1” shall mean the amount of all declared but unpaid dividends accrued on such Series B+ Preference Share.

For the avoidance of doubts, the aggregate Series B+ Repurchase Price to be paid to a Repurchase Holder shall be a product obtained by multiplying the applicable per share Series B+ Repurchase Price with the number of Series B+ Preference Shares to be repurchased by such Repurchase Holder.

(bb) Repurchase Price of Series B Preference Shares

The repurchase price for each Series B Preference Share shall equal to the amount (the “**Series B Repurchase Price**”) determined in accordance with the following formula:

$F2 \times (1 + 8\% \times T/365) + B2$

For the purpose of the foregoing formula, the following definitions shall apply:

(1) “F2” shall mean the Original Issue Price of such Series B Preference Share,

(2) “T” shall mean the calendar days starting from the Original Issue Date of such Series B Preference Share until the relevant Repurchase Holder has received its aggregate Series B Repurchase Price,

(3) “B2” shall mean the amount of all declared but unpaid dividends accrued on such Series B Preference Share.

For the avoidance of doubts, the aggregate Series B Repurchase Price to be paid to a Repurchase Holder shall be a product obtained by multiplying the applicable per share Series B Repurchase Price with the number of Series B Preference Shares (including Warrant Shares) to be repurchased by such Repurchase Holder.

(cc) Repurchase Price of Series A+ Preference Shares

The repurchase price for each Series A+ Preference Share shall equal to the amount (the “**Series A+ Repurchase Price**”) determined in accordance with the following formula:

$F3 + B3$

For the purpose of the foregoing formula, the following definitions shall apply:

(1) “F3” shall mean the Original Issue Price of such Series A+ Preference Share,

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www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(2) "B3" shall mean the amount of all declared but unpaid dividends accrued on such Series A+ Preference Share.

For the avoidance of doubts, the aggregate Series A+ Repurchase Price to be paid to a Repurchase Holder shall be a product obtained by multiplying the applicable per share Series A+ Repurchase Price with the number of Series A Preference Shares to be repurchased by such Repurchase Holder.

(dd) Repurchase Price of Series A Preference Shares

The repurchase price for each Series A Preference Share shall equal to the amount (the "**Series A Repurchase Price**") determined in accordance with the following formula:

$F4 \times (1 + 10\% \times T/365) + B4$

For the purpose of the foregoing formula, the following definitions shall apply:

(1) "F4" shall mean the Original Issue Price of such Series A Preference Share,

(2) "T" shall mean the calendar days starting from the Original Issue Date of such Series A Preference Share until the relevant Repurchase Holder has received its aggregate Series A Repurchase Price,

(3) "B4" shall mean the amount of all declared but unpaid dividends accrued on such Series A Preference Share.

For the avoidance of doubts, the aggregate Series A Repurchase Price to be paid to a Repurchase Holder shall be a product obtained by multiplying the applicable per share Series A Repurchase Price with the number of Series A Preference Shares to be repurchased by such Repurchase Holder.

(ee) Repurchase Price of Series Angel Preference Shares

The repurchase price for each Series Angel Preference Share shall equal to the amount (the "**Series Angel Repurchase Price**", together with the Series B+ Repurchase Price, the Series B Repurchase Price, the Series A+ Repurchase Price and the Series A Repurchase Price, the "**Repurchase Price**") determined in accordance with the following formula:

$F5 + B5$

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

For the purpose of the foregoing formula, the following definitions shall apply:

(1) "F5" shall mean the Original Issue Price of Series Angel Preference Share,

(2) "B5" shall mean the amount of all declared but unpaid dividends accrued on such Series Angel Preference Share.

For the avoidance of doubts, the aggregate Series Angel Repurchase Price to be paid to a Repurchase Holder shall be a product obtained by multiplying the applicable per share Series Angel Repurchase Price with the number of Series Angel Preference Shares to be repurchased by such Repurchase Holder.

(b) Procedure.

(i) Upon occurrence of the Trigger Event(s), the relevant Repurchase Holder may deliver a written repurchase request to the Company (the "**Repurchase Request**"). The Company shall promptly notify other Repurchase Holders after receipt of the Repurchase Request, stating the main contents of the Repurchase Request, including but not limited to the Repurchase Holder exercising the Repurchase Right, the Trigger Event based on and the number of shares required to be repurchased, and other Repurchase Holders may elect to exercise their Repurchase Right pursuant to this Article 13.4 upon written notice to the Company (subject to the occurrence of any Trigger Event(s) applicable to such other Repurchase Holders). The Company shall pay the relevant Repurchase Holder the aggregate Repurchase Price it entitled to receive within ninety (90) Business Days (such payment date shall be referred to the "**Repurchase Date**") after receipt of the Repurchase Request. With prior consent of the relevant Repurchase Holder, the Company may designate a third party to complete the repurchase in place of the Company.

(ii) Sequence of Payment

The funds and assets of the Company legally available shall be used (1) firstly, to pay the aggregate Series B+ Repurchase Price, (2) secondly, to pay the aggregate Series B Repurchase Price, (3) thirdly, to pay the aggregate Series A+ Repurchase Price; (4) fourthly, to pay the aggregate Series A Repurchase Price; and (5) fifthly, to pay the aggregate Series Angel Repurchase Price.

(iii) Insufficient Legally Available Funds

If the funds and assets of the Company legally available are insufficient to pay the aggregate amount of the Repurchase Price of any series of Preference Shares, then such funds and assets shall be paid ratably among the Repurchase Holders of such series of Preference Shares in proportion to the full repurchase amounts that such Repurchase Holders would otherwise be respectively entitled thereon with respect to such series of Preference Shares.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(c) Termination and Restoration.

The rights and covenants set forth in this Article 13.4 shall terminate and be of no further force or effect upon the earlier to occur of: (a) the consummation of a Qualified IPO; or (b) a Deemed Liquidation Event whereby all the Investors having fully exercised their liquidation right and been fully paid all the distributions pursuant to these Articles.

13.5 Incorporation of Rights.

Section 4 (Rights to Future Securities Issuance), Section 5 (Right of First Refusal; Co-Sale with Respect to Transfers of Ordinary Shares Held by the Prospective Transferors), Section 8 (Drag-along Right) and Section 9.1 (Transfer Restrictions) of the Investors' Rights Agreement (and for the purpose of this Article 13.5, the definitions of the defined terms used in the aforesaid Sections as provided in the Investors' Rights Agreement) shall be incorporated by reference into these Articles as Article 13.5 and constitute an integral part of these Articles and rights attached to the Preference Shares. For the avoidance of doubts, all the other provisions set out in these Articles shall be read in conjunction with and shall be subject to the terms of such Article 13.5.

REPURCHASE OF SHARES

14 Subject to the provisions of the Companies Act and without prejudice to these Articles (including Articles 90 through 92), the Company may purchase its own shares provided that the Board of Directors shall have approved the manner of purchase in accordance with these Articles. The Company may make a payment in respect of the purchase of its own shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS ATTACHING TO SHARES

15 Subject to these Articles (including Articles 90 through 92), the rights attaching to any class or series of share (unless otherwise provided by these Articles or the terms of issue of the shares of that class or series) may be varied or abrogated with the consent in writing of the holders of all the issued shares of that class or series, or with the sanction of a resolution passed by all the holders of shares of the class or series present in person or by proxy and entitled to vote at a separate meeting of the holders of the shares of the class or series. To every such separate general meeting the provisions of these Articles relating to general meetings of the Company shall mutatis mutandis apply.

CERTIFICATES FOR SHARES

16 A Shareholder (excluding a Warrant Holder) shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or another person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

17 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

18 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) on delivery up of the old certificate.

LIEN

19 The Company shall have a first priority lien and charge on every partly paid share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first priority lien and charge on all partly paid shares standing registered in the name of a Shareholder (whether held solely or jointly with another person) for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all distributions payable thereon.

20 The Company may sell, in such manner as the Directors in their sole and absolute discretion think fit, any shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.

21 For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

22 The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

23 The Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their partly paid shares, and each Shareholder shall (subject to receiving at least 14 days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such shares.

24 The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

25 If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at such rate per annum as the Directors shall determine from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

26 The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

27 The Directors may make arrangements on the issue of partly paid shares for a difference between the Shareholders, or the particular shares, in the amount of calls to be paid and in the times of payment.

28 The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be agreed upon between the Shareholder paying the sum in advance and the Directors.

FORFEITURE OF SHARES

29 If a Shareholder fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

30 The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

31 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

32 A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

33 A person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares forfeited, but his liability shall cease if and when the Company receives payment in full the amount unpaid on the shares forfeited.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

34 A statutory declaration in writing that the declarant is a Director, and that a share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the notice as against all persons claiming to be entitled to the share.

35 The Company may receive the consideration, if any, given for a share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and that person shall be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

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

TRANSFER OF SHARES

37 The instrument of transfer of any share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up share, if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

38 The Directors may, in their absolute discretion, decline to register any transfer of shares without assigning any reason therefor. If the Directors refuse to register a transfer of any shares, they shall, within six weeks after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

39 The registration of transfers may be suspended at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration shall not be suspended for more than 45 days in any year.

40 All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors decline to register shall (except in any case of fraud) be returned to the person depositing the same.

TRANSMISSION OF SHARES

41 The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivor or survivors of the deceased, or the legal personal representatives of the deceased, shall be the only person or persons recognised by the Company as having any title to the share.

42 Any person becoming entitled to a share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

43 A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Shareholder in respect of the share, be entitled, in respect of it, to exercise any right conferred by membership in relation to meetings of the Company.

ALTERATION OF SHARE CAPITAL

44 Subject to these Articles (including Articles 90 through 92), the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes or series and amount, as the resolution shall prescribe.

45 Subject to these Articles (including Articles 90 through 92), the Company may by Ordinary Resolution:

45.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

45.2 convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;

45.3 subdivide its existing shares, or any of them, into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and

45.4 cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

46 Subject to these Articles (including Articles 90 through 92), the Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

47 For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholders for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not exceed in any case 45 days. If the Register of Members shall be so closed for the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders the Register of Members shall be so closed for at least 10 days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

48 In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.

49 If the Register of Members is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

50 The Directors may, whenever they think fit, convene a general meeting of the Company.

51 General meetings shall also be convened on the written requisition of any Shareholder or Shareholders entitled to attend and vote at general meetings of the Company who hold not less than ten per cent (10%) of the paid up voting share capital of the Company deposited at the registered office of the Company specifying the objects of the meeting for a date no later than twenty-one (21) days from the date of deposit of the requisition signed by the requisitionists, and if the Directors do not convene such meeting for a date not later than forty-five (45) days after the date of such deposit, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company.

52 If at any time there are no Directors, any two Shareholders (or if there is only one Shareholder then that Shareholder) entitled to vote at general meetings of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

53 At least ten (10) Business Days' notice of a general meeting excluding the day service is deemed to take place as provided in these Articles but including the day of the meeting specifying the place, the day and the hour of the meeting and, in case of special business, the general nature of that business, shall be given in the manner hereinafter provided or in such other manner (if any) as may be prescribed by the Company by Ordinary Resolution to such persons as are, under these Articles, entitled to receive such notices from the Company, but with the consent of all the Shareholders entitled to receive notice of some particular meeting and attend and vote thereat, that meeting may be convened by such shorter notice or without notice and in such manner as those Shareholders may think fit. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

PROCEEDINGS AT GENERAL MEETINGS

54 All business carried out at a general meeting shall be deemed special with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and any report of the Directors or of the Auditors and the fixing of the remuneration of the Auditors. No special business shall be transacted at any general meeting without the consent of all Shareholders entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

55 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, one or more Shareholders holding at least two thirds (2/3) of the paid up voting share capital of the Company (including the Ordinary Majority) present in person or by proxy shall be a quorum.

56 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Shareholder or Shareholders present and entitled to vote shall be a quorum.

57 If the Directors wish to make this facility available to Shareholders for a specific or all general meetings of the Company, a Shareholder who is entitled to participate in any specific or general meeting of the Company, may participate by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.

58 The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.

59 If there is no such chairman, or if at any general meeting he is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Shareholders present shall choose one of their number to be chairman of that meeting.

60 The chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting), adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for fourteen (14) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

61 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Shareholders present in person or by proxy entitled to vote, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

62 If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

63 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall have a second or casting vote.

64 A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF SHAREHOLDERS

65 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

66 A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may vote by proxy.

67 Shareholders who are entitled to vote at a general meeting shall not be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares carrying the right to vote held by him have been paid.

68 On a poll votes may be given either personally or by proxy. Every Shareholder who is entitled to vote at a general meeting and every person representing such a Shareholder as proxy shall have one vote for each share of which such Shareholder or the Shareholder represented by the proxy is the holder.

69 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.

70 An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

71 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

72 A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in the like form signed by one or more of the Shareholders.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

73 Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders or of the Board of Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholders or Director.

DIRECTORS; OBSERVERS

74 Board Composition

The Company shall have a Board consisting of no more than eleven (11) members, where,

(a) FET (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**FET Director**").

(b) Shell (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**Shell Director**").

(c) GGV (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**GGV Director**").

(d) Zhen Partners (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**Zhen Partners Director**").

(e) 58 (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**58 Director**").

(f) the Founders has the right to appoint no more than six (6) persons from time to time (if any of such persons is duly appointed and actually holds office, such persons are collectively referred to as the "**Ordinary Directors**"). The Ordinary Directors shall be full-time employees of the Group Companies.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

Any Person entitled to appoint a Director to the Board pursuant to this Article 74 shall be entitled to remove any such Director, within the term of office of such Director, by delivering a duly executed notice to the Company. Unless otherwise specified in such notice, such appointment and removal shall take effect upon receipt of such notice by the Company. Each Member shall vote in favor of the aforesaid appointment or removal at the general meeting (if necessary).

Any Person entitled to appoint any individual as a Director of the Board pursuant to this Article 74 shall have the right to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation, removal or otherwise of any Director occupying such position. If a vacancy is created on the Board at any time by the death, disability, retirement, resignation, removal or otherwise of any Director appointed pursuant to this Article 74, the replacement to fill such vacancy shall be appointed in the same manner as the Director who is being replaced in accordance with this Article 74 and the replacement shall serve within the term of office of his/her predecessor.

75 Observer

Shanghai Dingbei and Shanghai Dingpai shall be entitled to jointly appoint one (1) representative (the "**Eastern Bell Observer**") to attend all meetings of the Board and articulate his/her opinions or suggestions as to the matters to be voted on, without having any voting or other rights of a Director. China-US Green shall be entitled to appoint one (1) representative (the "**China-US Green Observer**") to attend all meetings of the Board and articulate his/her opinions or suggestions as to the matters to be voted on, without having any voting or other rights of a Director. The Company shall give the Eastern Bell Observer and the China-US Green Observer copies of all materials and information that it provides to its Directors at the same time and in the same manner as provided to such Directors, *provided* that, Shanghai Dingbei and Shanghai Dingpai shall procure the Eastern Bell Observer to, and China-US Green shall procure the China-US Green Observer to, keep all information obtained in such observation process strictly confidential, and not to use such information for any purpose other than reporting to Shanghai Dingbei, Shanghai Dingpai or China-US Green (as the case may be) as applicable.

ALTERNATE DIRECTOR

76 Any Director may in writing appoint another person (another Director or any third party who has civil capacity) to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing, in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them. For the avoidance of doubt, if any Director appoints an alternate Director, (i) any affirmative vote of or written approval (as the case may be) from such Director shall be deemed to be obtained if there is an affirmative vote of or the written approval (as the case may be) from the alternate of such Director; and (ii) such Director shall be deemed to be present at the meetings of the Directors if the alternate of such Director presents at such meetings.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

77 [Reserved]

POWERS AND DUTIES OF DIRECTORS

78 Subject to the provisions of the Companies Act, these Articles, and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that resolution had not been made.

79 Subject to these Articles (including Articles 90 through 92), the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

80 Subject to these Articles (including Articles 90 through 92), the Directors may from time to time appoint any person, whether or not a Director, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the chairman of the Board, the vice chairman of the Board, the general manager (the "**GM**"), the vice general manager or the chief financial officer and for such term, and with such powers and duties as the Directors may think fit. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Directors resolve that his tenure of office be terminated. Without prejudice to the foregoing, the Company shall have one (1) GM which shall be designated by the Board. The GM shall be responsible for the daily operation and management of the Group Companies in accordance with the Investors' Rights Agreement, these Articles, the powers granted by the Board and the applicable Laws, and shall report to the Board on regular basis. The GM shall have the right to nominate the vice general manager and Chief Financial Officer of the Company, all of which shall be approved by the Board.

81 The Directors may appoint a Secretary (and if need be an Assistant Secretary or Assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or Assistant Secretary so appointed by the Directors may be removed by the Directors.

82 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

83 The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

84 The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.

85 The Directors from time to time and at any time may establish any committees or local boards for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such persons.

86 The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such committee or local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

87 Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

DISQUALIFICATION OF DIRECTORS

88 The office of Director shall be vacated, if the Director:

88.1 becomes bankrupt or makes any arrangement or composition with his creditors;

88.2 is found to be or becomes of unsound mind;

88.3 resigns his office by notice in writing to the Company; or

88.4 subject to Article 74, is removed from office by Ordinary Resolution.

PROCEEDINGS OF DIRECTORS

89 The Directors may meet together (either within or without the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Each Director shall have one (1) vote on any matter submitted for approval of the Board. Except as otherwise expressly provided in these Articles (including Article 91), the approval of, or consent to, any matter coming before the Board at a duly noticed meeting of the Board shall require a simple majority of the affirmative votes of all Directors, or otherwise the unanimous written approval by all Directors. The Board shall meet at least quarterly in accordance with an agreed-upon schedule (the “**Regular Board Meeting**”). For each Regular Board Meeting, at least ten (10) Business Days’ prior written notice shall be given by the chairman of the Board to all Directors specifying the date, time, location and agenda of such Regular Board Meeting. At least five (5) days’ written notice shall be given to all Directors to convene an interim board meeting (the “**Interim Board Meeting**”). Upon written approval of all Directors, the notice for a Regular Board Meeting may be given less than such ten (10) Business Days in advance and the notice for an Interim Board Meeting may be given less than such five (5) days in advance. At least ten (10) Business Days prior to each Regular Board Meeting, the Company shall provide all Directors with a quarterly report which shall contain all necessary information reasonably required by the Directors, including the quarterly management accounts, statement on the operation and financial condition of the Company and its Subsidiaries, forecast for operation and financial condition in the immediate future, management issues and other matters relating to the operation.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

90 Notwithstanding anything to the contrary in these Articles, the Company shall not, without (in addition to any other vote or consent required in these Articles or the Investors' Rights Agreement, or by any applicable Laws, including without limitation the approval of the Shareholders at any general meeting (if applicable)) (i) first obtaining the approval of all Lead Investors, and (ii) (x) if the approval of the Shareholders at any general meeting is required, then obtaining the approval of the Shareholders at any general meeting (which shall include the approval of the Ordinary Majority) and (y) if the approval of the Shareholders at any general meeting is not required, then obtaining the approval of the Board, take any actions, or allow or cause to be taken any actions, or commit itself to take any actions, whether directly or indirectly, by amendment, merger, consolidation or otherwise, as follows:

(a) any merger, split, dissolution, liquidation, winding up or change of form involving any Group Company;

(b) any sale, transfer, lease or the incurrence of mortgage or pledge, or any other disposal of all or substantially all assets and/or business of Group Companies; *provided* that the value of such assets and/or business exceeds half of the aggregate amount of the audited net assets of the Group Companies on consolidate basis as of the end of the preceding fiscal year; or

(c) any change of or restriction on any Investor's rights under these Articles and the Investors' Rights Agreement.

91 Notwithstanding anything to the contrary in these Articles, the Company shall not, without (in addition to any other vote or consent required in these Articles or the Investors' Rights Agreement, or by any applicable Laws, including without limitation the approval of the Shareholders at any general meeting (if applicable)) (i) solely with respect to item (c) below, first obtaining the approval of the Majority Lead Investors and (x) if the approval of the Shareholders at any general meeting is required, then obtaining the approval of the Shareholders at any general meeting (which shall include the approval of the Ordinary Majority) and (y) if the approval of the Shareholders at any general meeting is not required, then obtaining the approval of the Board, (ii) solely with respect to the following items excluding items (a), (b), (c), (f), (k) and (m) below, first obtaining the approval of the Board, which shall include the affirmative votes of Directors representing more than two thirds (2/3) of the Directors present at the Board meeting (which shall include at least one (1) Preference Director unless no Preference Director present at the Board Meeting); and (iii) solely with respect to items (a), (b), (f), (k) and (m) below, first obtaining the approval of the Board, which shall include the affirmative votes of the simple majority of Preference Directors; *provided that*, without prejudice to the generality of the foregoing, the affirmative vote of 58 Director shall be obtained solely with respect to any repurchase or redemption of any Equity Security of the Company, other than (x) the repurchase or redemption pursuant to Article 13.4 hereof; or (y) the repurchase or redemption of Equity Securities pursuant to a duly approved ESOP, take any actions, or allow or cause to be taken any actions, or commit itself to take any actions, whether directly or indirectly, by amendment, merger, consolidation or otherwise, as follows:

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 Auth Code: K70033535877

(a) any amendment to the Investors' Rights Agreement or the memorandum and articles of association of any Group Company;

(b) any increase or decrease of registered capital or authorized share capital of any Group Company (including the authorization or issuance of any option or warrant which may result in the increase of registered capital or authorized share capital of any Group Company, or the dilution or decrease of shares of any Investor in any Group Company), and any increase or decrease of registered capital or authorized share capital of any Group Company as a result of implementing any ESOP;

(c) (i) cessation of the business of any Group Company, or (ii) substantial change of any Group Company's current business or engagement in any new business by any Group Company;

(d) any action that issues or authorizes any Equity Securities of any Group Company that are convertible into, exchangeable for or exercisable into any Equity Securities having the rights, preferences, privileges or powers superior to or on a parity with the Preference Shares;

(e) any declaration or payment of dividends to the shareholders by the Group Companies;

(f) any repurchase or redemption of any Equity Security of any Group Company, other than the repurchase or redemption by the Investors pursuant to these Articles;

(g) any change of the sole director or the number of directors of any existing Group Company, or the number of directors and composition of the board of directors or the appointment of the sole director of any Subsidiary of the Company established after the date hereof;

(h) any appointment or change of auditors of any Group Company;

(i) without prejudice to Section 9.1 (Transfer Restrictions) of the Investors' Rights Agreement, any transfer or creation of pledge over the Shares held by the Founder Entities; any transfer or creation of pledge over the Equity Securities of any Subsidiary by the Company;

(j) approval of or amendment to the annual budget and/or annual consolidated business budget of any Group Company; such approved annual budget shall be hereinafter referred to as the "**Approved Budget**";

(k) any sale, lease, transfer, disposal of or creation of mortgage or pledge over the assets and/or business of any Group Company, except for those as provided in <u>Article 90(b)</u>;

(l) any sale or disposal of any Equity Securities of any Group Company, or any transaction which may result in the change of Control of any Group Company;

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

(m) any declaration of bankruptcy of any Group Company, or the appointment of receiver, liquidator, legal administrator or other similar personnel for any Group Company;

(n) any merger, acquisition, amalgamation, reorganization or restructuring involving any Group Company;

(o) the initial public offering of any Equity Securities of the Company;

(p) for each fiscal year, incurrence of expenses or entering into any contracts for expenses by any Group Company, the amount of which is in aggregate in excess of US$750,000 outside the Approved Budget of such fiscal year;

(q) any investment or incurrence of any capital expenditure in excess of US$750,000 by any Group Company;

(r) any transaction (including but not limited to extension of any loan to any director, senior officer or employee of the Group Company) between any Group Company as one party and any shareholder, director, senior officer and/or any other Affiliate of any Group Company as the other party;

(s) appointment or removal of the GM, chief operation officer or chief technology officer of any Group Company; approval of the vice general manager and CFO of the Company nominated by the GM;

(t) adoption or change of the ESOP;

(u) approval or change of the remuneration of any senior officer (i.e. vice president or higher level); approval or change of the employment contract of any Group Company with employee’s annual salary exceeding US$100,000;

(v) approval of the implementation plan of any ESOP; or

(w) other matters subject to the approval of the Board in accordance with the Investors’ Rights Agreement or these Articles.

92 Notwithstanding anything to the contrary in these Articles or the Investors’ Rights Agreement, subject to the compliance with provisions of Section 4 of the Investors’ Rights Agreement, each holder of the Company’s Equity Securities shall procure each director designated by it (if any) to vote in favor of the next round financing of the Group Companies, on condition that the pre-money valuation of such next round financing shall be no less than 140% of the Series B+ Post-Money Valuation of the Group Companies.

93 A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of conference call, video access or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting. Every Director may be reimbursed for travel, hotel and other expenses incurred by him in attending meetings of the Directors, any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

94 A quorum for a Board meeting shall consist of all Directors. If any Preference Director is not present at the meeting, the meeting shall stand adjourned to the fifth (5th) Business Day after the original date at the same time and place. The Company shall notify all Directors of the adjourned meeting in writing. If at such adjourned meeting, any Preference Director is still not present, the Director(s) present shall constitute a quorum at such adjourned meeting; *provided* that (i) such adjourned meeting shall not have formal discussions about or resolve on any matter not specified in the notice, and (ii) without the attendance of all Preference Directors, the adjourned meeting shall not resolve on any matter provided in Article 91 (excluding item (c) of Article 91), irrespective of whether such matter has been specified in the meeting notice or not, and resolutions made in violation of the restrictions set forth in the above items (i) and (ii) shall be null and void. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

95 A Director who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

96 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Board of Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

97 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

98 Any Director may act by himself or his firm in a professional capacity for the Company, but he or his firm shall not be entitled to any remuneration for such professional services unless approved by the Board; provided that nothing herein contained shall authorise a Director or his firm to act as auditors to the Company.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

99 The Directors shall cause minutes to be made in books provided for the purpose of recording:

99.1 all appointments of officers made by the Directors;

99.2 the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

99.3 all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

100 When the chairman of a meeting of the Directors signs the minutes of such meeting those minutes shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

101 A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. Any such resolution may consist of several documents in the like form signed by one or more of the Directors.

102 The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

103 The Board shall have one (1) chairman and may have one (1) vice chairman, all of which shall be elected by a simple majority of votes of the Board. The chairman of Board shall preside over the Board meetings; if he/she is unable to act, or is not present at any Board meeting, he/she may authorize (in writing or otherwise) any other Director to preside as chairman of such Board meetings.

104 A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.

105 A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.

106 All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

DIRECTOR LIABILITIES

107 No Director shall personally be liable for any act taken by it in his/her/its capacity or performing duties as a Director, unless such act constitutes willful misconduct, gross negligence or violation of Laws applicable to the Company or such Director; provided that the validity of resolutions adopted pursuant to Laws applicable to the Company shall not be affected or impaired by such Director's personal liabilities.

DIRECTOR REMUNERATION

108 Each Director shall not ask for remuneration for providing services to the Company in his/her/its capacity as a Director. The Company shall reimburse each Director for his/her/its necessary and reasonable out-of-pocket expenses incurred in connection with attending Board meetings in accordance with Article 89 hereof, including but not limited to travel expenses, lodging expenses and other relevant expenses. Such expenditure shall be deemed as the Company's operating expenses.

THE SEAL AND DEEDS

109 The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or the Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

110 The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or the Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.

111 Notwithstanding the foregoing, the Secretary or any Assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

112 The Company may execute any deed or other instrument which would otherwise be required to be executed under Seal by the signature of such deed or instrument as a deed by a Director, the Secretary (or an Assistant Secretary) or any one or more persons as the Directors may appoint for the purpose.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

DIVIDENDS

113 Subject to any rights and restrictions for the time being attached to any class or series of shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

114 Subject to Articles 90 through 92 any rights and restrictions for the time being attached to any class or series of shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

115 Subject to Articles 90 through 92, the Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may, in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than shares) as the Directors may from time to time think fit.

116 Any dividend may be paid by cheque sent through the post to the registered address of the Shareholder or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Shareholder or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Shareholder or person entitled, or such joint holders as the case may be, may direct.

117 The Directors when paying dividends to the Shareholders in accordance with the provisions of these Articles may make such payment either in cash or in specie.

118 Subject to any rights and restrictions for the time being attached to any class or classes of shares, all dividends shall be declared and paid ratably among all holders of Ordinary Shares (on an as-converted basis and as if all Warrants had been exercised in full). Notwithstanding the foregoing, each Member of Series B+ Preference Shares shall only be entitled to the right to receive its applicable dividends upon the consummation of its respective CB Conversion (for the avoidance of doubts, each Member of Series B+ Preference Shares shall not be entitled to the right to receive dividends hereunder with respect to the Series B+ Preference Shares issuable but not issued under the Series B+ Warrants).

119 If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.

120 No dividend shall bear interest against the Company.

121 [Reserved]

ACCOUNTS AND AUDIT

122 The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991 *Auth Code: K70033535877*

123 The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

124 The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Investors' Rights Agreement.

125 Subject these Articles (including Articles 90 through 92), the Company may appoint Auditors and the Company's accounts shall be audited in such manner as may be determined from time to time by the Board. The Auditors shall be appointed by the Board.

SHARE PREMIUM ACCOUNT

126 The Directors shall in accordance with Section 34 of the Companies Act establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.

127 There shall be debited to any share premium account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Companies Act, out of capital.

CAPITALISATION OF PROFITS

128 Subject to these Articles (including Articles 90 through 92) and any necessary sanction or authority being obtained the Company in general meeting may at any time and from time to time pass a resolution that any sum not required for the payment or provision of a fixed dividend with or without further participation in profits and (a) for the time being standing to the credit of any reserve fund of the Company including without limitation the share premium account or (b) being undivided profits in the hands of the Company be capitalised and that such sum be appropriated as capital to and amongst the members in the shares and proportions in which they would have been entitled thereto if the same had been distributed by way of dividend and in such manner as the resolution may direct and the Directors shall in accordance with such resolution apply such sum in paying up in full or in part any unissued shares or debentures of the Company on behalf of such members and appropriate such shares or debentures to and distribute the same credited as fully paid up or partly paid up amongst them in the proportions aforesaid in satisfaction of their shares and interests in the said capitalised sum or shall apply such sum or any part thereof on behalf of such members in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued shares or debentures held by them. Where any difficulty arises in respect of any such distribution the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid up shares or debentures make cash payments to any members on the footing of the value so fixed in order to adjust rights and vest any such shares or debentures in trustees upon such trusts for or for the benefit of the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors.

Filed: 07-Aug-2023 16:09 EST
www.verify.gov.ky File#: 384991
Auth Code: K70033535877

NOTICES

129 Any notice or document may be served by the Company or by the person entitled to give notice to any Shareholder either personally, by facsimile, by email or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Shareholder at his address as appearing in the Register of Members. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

130 Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

131 Except as may be otherwise provided herein, all notices and other communications given, delivered or made pursuant to this Articles shall be in writing and shall be deemed effectively given, delivered or made upon the earliest of actual receipt of: (a) personal delivery to the party to be notified, (b) when sent, if sent by email or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, or (c) one (1) Business Day after deposit with an internationally-recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt.

132 Any notice or document delivered or sent by post, left at the registered address of any Shareholder or sent by facsimile transmission or email in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

133 Notice of every general meeting of the Company shall be given to:

133.1 all Shareholders holding shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

133.2 every person entitled to a share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

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INDEMNITY

134 Every Director, Secretary (including an Assistant Secretary), officer (other than the Auditors) or servant for the time being of the Company or any trustee for the time being acting in relation to the affairs of the Company and their respective heirs, executors, administrators, personal representatives or successors or assignees shall, in the absence of actual fraud or wilful default or as otherwise required by law, be indemnified by the Company against, and it shall be the duty of the Directors out of the funds and other assets of the Company to pay, all costs, losses, damages and expenses, including travelling expenses, which any such Director, Secretary, officer, servant or trustee may incur or become liable in respect of by reason of any contract entered into, or act or thing done by him as such Director, Secretary, officer, servant or trustee or in any way in or about the execution of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority over the Shareholders and over all other claims. No such Director, Secretary, officer, servant or trustee shall be liable or answerable for the acts, receipts, neglects or defaults of any other Director, Secretary, officer, servant or trustee or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any monies, securities or effects shall be deposited, or for any loss, damage or misfortune whatsoever which shall happen in or about the execution of the duties of his respective office or trust or in relation thereto unless the same happens through his own actual fraud or wilful default or as otherwise required by law.

NON-RECOGNITION OF TRUSTS

135 No person shall be recognised by the Company as holding any share upon any trust and the Company shall not (unless required by law) be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Shareholder registered in the Register of Members.

WINDING UP

136 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and subject to these Articles (including Article 13.1 and Articles 90 through 92), divide amongst the Shareholders in specie the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different class or series of shares. The liquidator may, with the like sanction and subject to these Articles (including Article 13.1), vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

137 Subject to the Companies Act and the rights attaching to any class or series of shares and these Articles (including Articles 90 through 92), the Company may at any time and from time to time by Special Resolution alter or amend the Memorandum or these Articles in whole or in part.

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ORGANISATION EXPENSES

138 The preliminary and organisation expenses incurred in forming the Company shall be paid by the Company and may be amortised in such manner and over such period of time and at such rate as the Directors shall determine and the amount so paid shall in the accounts of the Company, be charged against income and/or capital.

FINANCIAL YEAR

139 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31 December in each year.

REGISTRATION BY WAY OF CONTINUATION

140 The Company shall, subject to the provisions of the Companies Act and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

MERGERS AND CONSOLIDATIONS

141 Subject to the Companies Act and the rights attaching to any class or series of shares and these Articles (including Articles 90 through 92), the Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

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Exhibit 5.1

Our ref JVZ/816789-000001/28671598v2

XCHG Limited
ICS Corporate Services (Cayman) Limited
3-212 Governors Square, 23 Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203
Cayman Islands

1 February 2024

Dear Sirs and/or Madams

XCHG Limited

We have acted as Cayman Islands legal advisers to XCHG Limited (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the Securities and Exchange Commission (the "**Commission**") under the U.S. Securities Act of 1933, as amended to date, relating to the offering by the Company of certain American depositary shares (the "**ADSs**") representing the Company's Class A ordinary shares of par value US$0.00001 each (the "**Shares**").

We are furnishing this opinion as Exhibits 5.1, 8.1 and 23.2 to the Registration Statement.

1 Documents Reviewed

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

1.1 The certificate of incorporation of the Company dated 16 December 2021 and the certificate of incorporation on change of name dated 10 January 2022 issued by the Registrar of Companies.

1.2 The second amended and restated memorandum and articles of association of the Company adopted by a special resolution dated 7 August 2023 (the "**Pre-IPO Memorandum and Articles**").

1.3 The written resolutions of the directors of the Company dated 31 January 2024 (the "**Board Resolutions**").

1.4 A certificate from a director of the Company, a copy of which is attached hereto (the "**Director's Certificate**").

1.5 The Registration Statement.

2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy, as of the date of this opinion letter and of the Director's Certificate. We have also relied upon the following assumptions, which we have not independently verified:

2.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

2.2 All signatures, initials and seals are genuine.

2.3 There is nothing under any law (other than the law of the Cayman Islands), which would or might affect the opinions set out below.

3 Opinion

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing with the Registrar of Companies under the laws of the Cayman Islands.

3.2 The authorised share capital of the Company is USD50,000.00 divided into 3,524,410,240 ordinary shares of par value of USD0.00001 each, 75,000,000 series angel preference shares of par value of USD0.00001 each, 175,050,000 series seed preference shares of par value of USD0.00001 each, 300,000,000 series A preference shares of par value of USD0.00001 each, 118,971,900 series A+ preference shares of par value of USD0.00001 each, 602,372,700 series B preference shares of par value of USD0.00001 each, and 204,195,160 series B+ preference shares of par value of USD0.00001 each.

3.3 The issue and allotment of the Shares have been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement, the Shares will be legally issued and allotted, fully paid and non-assessable. As a matter of Cayman law, a share is only issued when it has been entered in the register of members (shareholders).

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

4 Qualifications

In this opinion the phrase "non-assessable" means, with respect to shares in the Company, that a shareholder shall not, solely by virtue of its status as a shareholder, be liable for additional assessments or calls on shares by the Company or its creditors (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).

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions, which are the subject of this opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our name under the headings "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

Exhibit 10.1

XCHG LIMITED
2023 SHARE INCENTIVE PLAN

1 Purpose of the Plan

The purpose of this Plan is to attract and retain the services of Participants considered essential to the success of the Group (as defined below) by providing additional incentives to promote the success of the Group as a whole.

2 Definitions and Interpretation

2.1 Definitions. In this Plan, unless the context otherwise requires, the following expressions shall have the following meanings:

"Administrator"	means the Board or such person appointed by the Board as shall be administering the Plan in accordance with Section 4 hereof.
"Applicable Laws"	means (i) the laws of Cayman Islands as they relate to the Company and its Shares; (ii) the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders of any jurisdiction applicable to Awards granted to residents therein; and (iii) the rules of any applicable securities exchange, national market system or automated quotation system on which the Shares are listed, quoted or traded.
"Award"	means an award of RSUs granted under the Plan.
"Award Agreement"	means any writing agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.
"Board"	means the Board of Directors of the Company.
"Cause"	means, with respect to Participant: (i) any material breach of any employee handbook, internal policies, guidelines of the relevant Group Member; (ii) any material breach of any reasonable directions or instructions of the management department or the terms of employment or service contract with the relevant Group Member; (iii) malpractice in the performance of duties; (iv) any breach of commitment in relation to confidentiality or non-competition; (v) being convicted of any intentional crime; or (vi) any other wilful misconduct or gross negligence resulting in material injury to or material adverse impact on a Group Member.

"Change in Control"	means any of the following transactions: (i) an amalgamation, arrangement, merge, consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or which following such transaction the holders of the Company's voting securities immediately prior to such transaction own more than fifty percent (50%) of the voting securities of the surviving entity; (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (other than to Group Member); (iii) the completion of a voluntary or insolvent liquidation or dissolution of the Company; (iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a takeover, reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which the Company survives but (aa) the securities of the Company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of securities, cash or otherwise, or (bb) the securities possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (cc) the Company issues new voting securities in connection with any such transaction such that holders of the Company's voting securities immediately prior to the transaction no longer hold more than fifty percent (50%) of the voting securities of the Company after the transaction; or (v) the acquisition in a single or series of related transactions by any person or related group of persons (other than employees of any Group Member or entities established for the benefit of the employees of any Group Member) of (aa) control of the Board or the ability to appoint a majority of the member of the Board, or (bb) beneficial ownership (within the meaning of Rule 13d-3 under the U.S. Securities Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities.

"Code"	means the United States Internal Revenue Code of 1986, as amended from time to time.
"Company"	XCHG LIMITED, a Cayman Islands company, or any successor to all or substantially all of its businesses by merger, consolidation, purchase of assets or otherwise.
"Director"	means a member of the Board.
"Disability"	means a disability, whether temporary or permanent, partial or total, as determined by the Administrator.
"Fair Market Value"	means, as of any date, the value of Shares determined as follows: (i) if the Shares are listed on one or more established stock exchanges, national market systems or traded on automated quotation systems, then, as the Administrator deems appropriate in its sole and absolute discretion, the Fair Market Value shall be the closing sales price for such Shares as quoted on any such exchange or system on which the Shares are listed on the date of determination, or, if the date of determination is not a trading date, the closing sales price as quoted on such exchange or system on the trading date immediately preceding the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (ii) if (i) is not applicable, the Fair Market Value thereof shall be determined in good faith by the Administrator.
"Grantee"	means any Participant who accepts the grant of an Award in accordance with the terms of the Plan.
"Group"	means the Company, its Parents, Subsidiaries and Related Entities; a "Group Member" means any of them.
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China.
"IPO"	means the initial public offering and the listing of Shares on one established stock exchange; "Listing Date" means the date on which the listing of Shares first commences on such established stock exchange.
"Parent"	means any person Controlling the Company. "Control" means, with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person whether through the ownership of the voting securities of such person or by contract or otherwise.

"Participant"	including the following: (i) full-time employees of a Group Member who are senior management or key employees as determined by the Administrator; 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.
"Plan"	means this 2023 Share Incentive Plan, as amended from time to time.
"Related Entity"	means any person in or of which the Company or a Subsidiary holds a substantial economic interest, or possesses the power to direct or cause the direction of the management policies, directly or indirectly, through the ownership of voting securities, by contract, or other arrangements as trustee, executor or otherwise, but which, for purposes of the Plan, is not a Subsidiary and which the Administrator designates as a Related Entity. For purposes of the Plan, any person in or of which the Company or a Subsidiary owns, directly or indirectly, securities or interests representing twenty percent (20%) or more of its total combined voting power of all classes of securities or interests shall be deemed a "Related Entity" unless the Administrator determines otherwise.
"RSU"	means a restricted share unit conferring the Grantee a conditional right upon vesting of the Award to obtain either one Share or the equivalent value of one Share in cash as determined by the Administrator in accordance with the Plan.
"Share"	means an ordinary share of the Company, par value of US$0.00001 per share, as adjusted in accordance with Section 8 hereof.
"Subsidiary"	means any person Controlled by the Company. For purposes of the Plan, any "variable interest entity" that is consolidated into the consolidated financial statements of the Company under applicable accounting principles or standards as may apply to the consolidated financial statements of the Company shall be deemed a Subsidiary.
"U.S. Person"	means a "United States Person" as defined in Section 7701(a)(30) of the Code.
"U.S. Securities Exchange Act"	means the United States Securities Exchange Act of 1934 and the regulations thereunder, as amended from time to time.

2.2 Interpretation. In this Plan, unless the context otherwise requires:

(a) the headings and index are for reference only and shall not affect the interpretation of any provisions of this Plan;

(b) any reference to a person includes any natural person, firm, company, corporation, body corporate, partnership, association, government, state or agency of a state, local, municipal or provincial authority or government body, joint venture, trust, individual proprietorship, business trust or other enterprise, entity or organization (whether or not having separate legal personality);

(c) any reference to a statutory body includes the organization or body established to replace such statutory body or for performing the functions of such statutory body;

(d) any reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be amended, consolidated, modified or re-enacted;

(e) expressions in the singular include the plural and vice versa; and expressions in any gender include other genders.

3 Shares Subject to the Plan

3.1 Subject to the provisions of Section 8 and Section 3.2 below, the maximum aggregate number of Shares which may be subject to Awards under the Plan shall not exceed 150,000,000 Shares (as appropriately adjusted for subsequent stock splits, stock dividends and the like).

3.2 If an Award terminates, expires or lapses or is cancelled, forfeited for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan (unless the Plan has terminated). If any Award (in whole or in part) is settled in cash or other property in lieu of Shares, then the number of Shares subject to such Award (or such portion of an Award) shall again be available for grant pursuant to the Plan. However, Shares that have actually been transferred to the Grantee shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that (a) if any Shares are forfeited or the Company repurchases Shares underlying any Award pursuant to the terms of the Plan or the Award Agreement; or (b) if any Shares are retained by the Company upon vesting of an Award to satisfy withholding taxes due with respect to the vesting, under which such Shares shall become available for future grant under the Plan (to the extent permitted under Applicable Laws).

4 Administration

4.1 Administrator. The Plan shall be administered by the Board or a person appointed by the Board.

4.2 Powers of the Administrator. The Administrator shall conduct the general administration of the Plan. Subject to the provisions of the Plan, the Administrator shall have the power and authority, in its sole and absolute discretion:

(a) to select the Participants to whom an Award may from time to time be granted hereunder;

(b) to determine the number of Shares to be covered by each such Award granted hereunder;

(c) to determine the terms and conditions of each Award granted hereunder, including but not limited to, the time when the Award may be vested (which may be based on performance criteria), any vesting acceleration or waiver of conditions or restrictions, and any restriction or limitation regarding any Award or the Shares subject to the Award, based in each case on such factors as the Administrator, in its sole and absolute discretion, shall determine; any such terms and conditions need not to be identical for each Participant;

(d) to make appropriate and equitable adjustments to the terms of an Award granted hereunder as it deems necessary;

(e) to determine the Fair Market Value;

(f) to prescribe the forms of Award Agreement for use under the Plan, which need not be identical for each Participant and to amend any Award Agreement;

(g) to prescribe, amend, and rescind rules and regulations relating to the Plan and the administration of the Plan and all Award Agreements, including rules and regulations relating to sub-plans or separate programs established;

(h) to allow the Participants to satisfy tax obligations by having the Company withhold from Awards that number of Shares having a Fair Market Value equal to the amount required to be withheld as set forth in Section 5.3;

(i) to construe, interpret, reconcile any inconsistency in, correct any defect in or supply any omission in the terms of the Plan, the Award Agreement and Awards granted pursuant to the Plan;

(j) to establish sub-plans and/or separate programs under the Plan as it deems necessary; and

(k) to make any other decisions and determinations and take any other actions that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

4.3 Delegation. To the extent permitted by Applicable Laws, the Administrator may from time to time delegate to one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Section 4. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegate.

4.4 Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final, binding and conclusive for all purposes and upon all Participants.

4.5 Trust. The Board may at any time determine to establish trust(s) to facilitate the administration of the Plan. The Shares under the Plan may be issued to and held by the trustee; the powers and obligations of the trustee will be limited as set forth in the trust deed and the trustee shall hold the Shares and exercise all powers and rights attached to the Shares (including the voting rights thereof) in accordance with the terms of the trust deed.

5 Terms of Awards

5.1 Grant of Awards

(a) Subject to the provisions of the Plan, the Administrator may, from time to time, in its sole and absolute discretion select the Participants to be granted Awards, and the terms and conditions imposed on the Awards granted.

(b) After the Administrator has selected the Participants, it will grant to each of the selected Participants an offer of grant of Awards by way of an Award Agreement (including other documents that the Administrator deems necessary) for acceptance. Upon receipt of a duly executed Award Agreement from the selected Participant, the Award is awarded to such Participant who becomes a Grantee pursuant to this Plan. To the extent that the offer or any term or condition set forth in the Award Agreement is not accepted by any selected Participant within the time period or in a manner prescribed in the Award Agreement, it shall be deemed that such offer has irrevocably lapsed and terminated and that the Awards that would have been granted have immediately lapsed.

(c) All Awards under the Plan shall be evidenced by an Award Agreement setting forth the number of Shares subject to the Award and the terms and conditions of the Award (including but not limited to the lock-up arrangements for Shares acquired pursuant to the Award), which shall not be inconsistent with the Plan.

(d) The Administrator will keep a proper register of the Awards, the Shares underlying each Award, and terms and conditions of the Awards.

5.2 Vesting of Awards

(a) Upon fulfillment or waiver (by the Administrator in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to an Award, a vesting notice will be sent to the Grantee by the Administrator, confirming (i) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (ii) the number of Shares subject to the vested Awards; and (iii) where the Grantee will receive Shares, the lock-up arrangements for such Shares (if applicable).

(b) The Grantee may be required to execute certain documents set forth in the vesting notice that the Administrator deems necessary (which may include a certification that he has complied with all the terms and conditions set forth in the Plan and the Award Agreement). In the event that the Grantee fails to execute the required documents within 30 days after receiving the vesting notice, the vested Awards will lapse unless otherwise determined by the Administrator.

(c) Subject to the execution of documents by the Grantee as set forth above and the Compliance requirements under Section 9, the Awards which have vested shall be satisfied in the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such Awards, either by:

(i) transferring or procuring the transfer of the Shares underlying the Awards to the Grantee or his wholly owned entity or the trust established for the benefit of the Grantee; or

(ii) paying or procuring the payment to the Grantee in cash an amount equal to the value of the Shares underlying the Awards by making on-market sales of such Shares on the vesting date of such Awards or such other date as the Administrator deems appropriate.

5.3 Tax. No Shares shall be delivered, and no payment to any Participant shall be made under the Plan until such Participant has made arrangements acceptable to the Administrator for the satisfaction of any income, employment, social welfare or other tax withholding obligations or any levies, stamp duties, charges or taxes required or permitted to be withheld or otherwise payable under Applicable Laws and any other costs and expenses in connection with the grant, vesting of Awards, the issuance and delivery of the Shares and/or the payment ("Tax Liabilities"). The Company or the relevant Group Member shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or the relevant Group Member, an amount sufficient to satisfy the Tax Liabilities. The Administrator may in its sole and absolute discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date such Shares are vested, withheld or repurchased, or such other date as the Administrator deems appropriate or as required under Applicable Laws, equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for tax purposes that are applicable to such taxable income. All elections by the Participants to have Shares withheld for this purpose (as approved by the Administrator) shall be made in such form and under such conditions as the Administrator deems necessary or advisable.

5.4 Termination for Cause. Subject to Applicable Laws, if a Grantee's employment or office with the Company or the relevant Group Member terminates for Cause, (a) all unvested Awards shall be cancelled as of the date of such termination as determined by the Administrator in its sole and absolute discretion; (b) all Shares acquired pursuant to an Award by such Grantee shall be subject to a right of repurchase by the Company at any time and from time to time at the lesser of (i) the original consideration paid for the Shares, or in the event no payment was made, then the Shares will be forfeited and cancelled without payment, (ii) the value of such Shares calculated by the Administrator based on the net asset value of the Company as of the date of such termination, and (iii) the Fair Market Value of such Shares as of the date of such termination; (c) all vested but not satisfied Awards shall be subject to a right of repurchase by the Company at any time and from time to time at the lesser of (i) the original consideration paid for the grant of the Awards, or in the event no payment was made, then the Award will be cancelled without payment, (ii) the value of the Shares underlying the Awards calculated by the Administrator based on the net asset value of the Company as of the date of such termination, and (iii) the Fair Market Value of the Shares underlying the Awards as of the date of such termination and (d) all cash, proceeds, gains or other economic benefit actually or constructively received by such Grantee upon the vesting of any Awards or upon the receipt or resale of Shares acquired pursuant to an Award shall be repaid to the Company. Any Shares covered by cancelled Awards, and any Shares repurchased or forfeited (as the case may be) pursuant to this Section 5.4, shall revert to the Plan and again be available for grant or award under the Plan.

5.5 Termination other than for Cause. If a Grantee's employment or office with the Company or the relevant Group Member terminates for any reason other than for Cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service contract upon its expiration for any reason other than for Cause), the Administrator shall determine in its sole and absolute discretion and then notify the Grantee whether any unvested Awards granted to such Grantee could vest and the period within which such Awards shall vest. If the Administrator determines that such Awards shall not vest, such unvested Awards shall be cancelled as of the date of such termination. All Shares acquired pursuant to an Award by such Grantee and all vested but not satisfied Awards shall be subject to a right of repurchase by the Company for six (6) months since the date of such termination (a) at the lesser of (i) the original consideration paid for the Shares or the grant of the Awards, or in the event no payment was made, then the Shares/Awards will be forfeited and cancelled without payment and (ii) the value of the Shares underlying the Awards calculated by the Administrator based on the net asset value of the Company as of the date of such termination, if the termination happens prior to the Listing Date or a Change in Control in which the entity holding the securities possessing more than fifty percent (50%) of the total combined voting power of the Company has shares that are publicly traded on one established stock exchange (whichever shall first occur); or (b) at the Fair Market Value of the Shares underlying the Awards as of the date of such termination, if the termination happens after the Listing Date or a Change in Control in which the entity possessing more than fifty percent (50%) of the total combined voting power of the Company has shares that are publicly traded on one established stock exchange (whichever shall first occur). Any Shares covered by cancelled Awards, and any Shares repurchased or forfeited (as the case may be) pursuant to this Section 5.5, shall revert to the Plan and again be available for grant or award under the Plan.

5.6 Decision on the Termination. The Administrator shall have the right to determine what constitutes Cause, whether the Grantee's employment or office has been terminated for Cause and the effective date of such termination for the purpose of this Plan, and such determination by the Administrator shall be final, binding and conclusive.

6 Non-Transferability

Unless otherwise determined by the Administrator and so provided in the applicable Award Agreement, 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.

7 Right as a Shareholder

The Grantee shall not have any rights as a shareholder (including but not limited to the right to vote or receive dividends) with respect to Shares underlying the Awards until the Grantee actually acquire such Shares. The Administrator shall have the sole and absolute discretion to determine whether or not a Grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-script distribution from Shares underlying the Awards prior to the vesting.

8 Adjustments Upon Changes in Capital Structure

8.1 Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, the number of Shares that have been authorized for issuance under the Plan but as to which no Awards have yet been granted or that have been returned to the Plan upon cancellation of an Award, as well as the price per Share covered by each outstanding Award, shall be proportionately and equitably adjusted for any increase, decrease or change in the number of issued Shares resulting from a subdivision or consolidation, stock dividend, amalgamation, spin-off, arrangement, combination or reclassification of Shares or for any increase, decrease or change in the number of issued Shares effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". The adjustment contemplated under this Section 8.1 shall be made by the Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, or price of Shares subject to an Award.

8.2 Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Grantee as soon as practicable prior to the commencement of such proposed dissolution or liquidation. The Administrator may in its sole and absolute discretion determine whether the remaining unvested Awards could vest and the period within which such Awards shall vest. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares shall lapse as to all such Shares, *provided* the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent the Award has not been vested prior to the commencement of such proposed dissolution or liquidation, the Award will terminate immediately prior to the commencement of such proposed dissolution or liquidation.

8.3 Change in Control. In the event of a Change in Control, except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Grantee, the Administrator may in its sole and absolute discretion determine:

(a) whether the remaining unvested Awards could vest and the period within which such Awards shall vest;

(b) purchase of any Award for an amount of cash equal to the amount that could have been attained upon the vesting of such Award or realization of the Participant's rights had such Award been currently fully vested (and, for the avoidance of doubt, if as of such date the Administrator determines in good faith that no amount would have been attained upon the vesting of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment); or

(c) the assumption, conversion or replace of any Award with other rights or property selected by the Administrator in its sole and absolute discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices and in such terms and conditions as the Administrator deems reasonable, equitable and appropriate.

8.4 No Other Rights. Except as expressly provided in the Plan, no Grantee shall have any rights by reason of any subdivision or consolidation of shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

9 Compliance

9.1 Legal Compliance. Notwithstanding any other provisions of the Plan,

(a) a Participant's participation in the Plan, the grant and vesting of Awards, the transfer of Shares and the payment to a Grantee shall be subject to all Applicable Laws, and any other applicable laws, regulations, rules and requirements, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval and going through any other governmental or official procedures that may be required by any country or jurisdiction in these regards (including but not limited to the relevant registration or other requirements by State Administration of Foreign Exchange of the People's Republic of China). The Company or the relevant Group Member may coordinate or assist the Grantee in complying with such applicable requirements and in taking any other actions as may be required by any applicable laws, regulations and rules. However, neither the Company nor the relevant Group Member shall be held liable for any failure by a Grantee to obtain any such consent or approval or be responsible for any tax or other liabilities to which a Grantee may become subject as a result of his participation in the Plan, the grant and vesting of Awards or the distribution to him; and

(b) the Company shall not be required to issue or deliver any Shares under the Plan or to pay cash to satisfy the vested Awards, and nor shall it have any liability for failure to issue or deliver any Shares under the Plan or to pay cash to satisfy the vested Awards, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of Shares and/or the payment of cash comply with all Applicable Laws, and any other laws, regulations, rules and requirements applicable to Shares. The Administrator may place legends on any share certificate to make appropriate reference to the restrictions applicable to the Shares as may be required by any such laws, regulations, rules or requirements or as deemed necessary or advisable by the Administrator. In addition to the terms and conditions provided herein, the Board may request that a Grantee provide reasonable assurances, covenants, agreements, and representations as the Board deems necessary or advisable to comply with any such laws, regulations, rules or requirements.

9.2 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section. The Administrator may use reasonable efforts to implement this Section 9.2, but in no event shall the Company or the Administrator be liable to any Grantee with respect to this Section 9.2.

10 Duration, Amendment and Termination of the Plan

10.1 Effective Date. The Plan shall become effective as of June 30, 2023 ("Effective Date"), provided that the Plan has been approved by the shareholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Awards may be granted or awarded prior to such shareholder approval, provided, that such Awards shall not vest and the restrictions thereon shall not lapse and no Shares shall be issued pursuant thereto prior to such shareholder approval, and provided further, that if such approval has not been obtained within twelve (12) months after adoption of the Plan by the Board, all Awards previously granted or awarded under the Plan shall thereupon be cancelled and become null and void.

10.2 Duration. The Plan shall remain in effect for a term of ten (10) years from the Effective Date unless sooner terminated under Section 10.3.

10.3 Amendment and Termination. The Board may at any time terminate, amend or modify the Plan; provided, however, that (a) to the extent necessary and desirable to comply with Applicable Laws the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Section 8), (ii) results in a material increase in benefits or a change in eligibility requirements. Except as provided in the Plan or any Award Agreement, no amendment, modification, suspension or termination of the Plan shall, without the consent of the Grantee, impair any rights or obligations under any Award theretofore granted.

10.4 Effect of Termination. No further Awards shall be granted after the Plan is terminated but in all other respects the provisions of the Plan shall remain in full force and effect. All Awards granted prior to such termination and not vested on the date of termination shall remain valid, unless mutually agreed otherwise between the relevant Grantee and the Company.

11 Miscellaneous Provisions

11.1 No Rights to Awards. No Participant or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Participants, Grantees or any other persons uniformly. The Plan shall not confer on any person any legal or equitable right (other than those rights constituting the Awards themselves) against the Administrator or the Company directly or indirectly or give rise to any clause of action at law or in equity against the Administrator or the Company.

11.2 No Retention Rights. This Plan shall not form part of any contract of employment or service between the Company or the relevant Group Member and any Participant, and the rights and obligations of any Participant under the terms of his office, employment or service contract shall not be affected by the participation in the Plan. Neither the Plan nor any Award shall confer upon any Participant any right to continue his or her relationship with the Company or the relevant Group Member, nor shall it in any way interfere with or limit the right of the Participant or the Company or the relevant Group Member to terminate such relationship at any time for any reason.

11.3 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or the Group Member except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

11.4 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or the Group Member. Nothing in the Plan shall be construed to limit the right of the Company or a Group Member: (a) to establish any other forms of incentives or compensation for Participants, or (b) to grant or assume options or other rights or awards other than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, securities or assets of any corporation, partnership, limited liability company, firm or association.

11.5 Indemnification. To the extent allowable pursuant to Applicable Laws, the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

11.6 Expenses. The expenses of administrating the Plan shall be borne by the Company or the relevant Group Member.

11.7 Governing Law. The Plan shall be governed by and construed in accordance with the Laws of Hong Kong without regard to conflicts of laws thereof.

Exhibit 10.2

XCHG LIMITED

2023 SHARE INCENTIVE PLAN II

1 Purpose of the Plan

The purpose of this Plan is to attract and retain the services of Participants considered essential to the success of the Group (as defined below) by providing additional incentives to promote the success of the Group as a whole.

2 Definitions and Interpretation

2.1 Definitions. In this Plan, unless the context otherwise requires, the following expressions shall have the following meanings:

"Administrator"	means the Board or such person appointed by the Board as shall be administering the Plan in accordance with Section 4 hereof.
"Applicable Laws"	means (i) the laws of Cayman Islands as they relate to the Company and its Shares; (ii) the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders of any jurisdiction applicable to Awards granted to residents therein; and (iii) the rules of any applicable securities exchange, national market system or automated quotation system on which the Shares are listed, quoted or traded.
"Award"	means an award of RSUs granted under the Plan.
"Award Agreement"	means any writing agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.
"Board"	means the Board of Directors of the Company.
"Cause"	means, with respect to Participant: (i) any material breach of any employee handbook, internal policies, guidelines of the relevant Group Member; (ii) any material breach of any reasonable directions or instructions of the management department or the terms of employment or service contract with the relevant Group Member; (iii) malpractice in the performance of duties; (iv) any breach of commitment in relation to confidentiality or non-competition; (v) being convicted of any intentional crime; or (vi) any other wilful misconduct or gross negligence resulting in material injury to or material adverse impact on a Group Member.

"Change in Control"	means any of the following transactions:

(i) an amalgamation, arrangement, merge, consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or which following such transaction the holders of the Company's voting securities immediately prior to such transaction own more than fifty percent (50%) of the voting securities of the surviving entity;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (other than to Group Member);

(iii) the completion of a voluntary or insolvent liquidation or dissolution of the Company;

(iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a takeover, reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which the Company survives but (aa) the securities of the Company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of securities, cash or otherwise, or (bb) the securities possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (cc) the Company issues new voting securities in connection with any such transaction such that holders of the Company's voting securities immediately prior to the transaction no longer hold more than fifty percent (50%) of the voting securities of the Company after the transaction; or

(v) the acquisition in a single or series of related transactions by any person or related group of persons (other than employees of any Group Member or entities established for the benefit of the employees of any Group Member) of (aa) control of the Board or the ability to appoint a majority of the member of the Board, or (bb) beneficial ownership (within the meaning of Rule 13d-3 under the U.S. Securities Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities.

"Code"	means the United States Internal Revenue Code of 1986, as amended from time to time.
"Company"	XCHG LIMITED, a Cayman Islands company, or any successor to all or substantially all of its businesses by merger, consolidation, purchase of assets or otherwise.
"Director"	means a member of the Board.
"Disability"	means a disability, whether temporary or permanent, partial or total, as determined by the Administrator.
"Fair Market Value"	means, as of any date, the value of Shares determined as follows: (i) if the Shares are listed on one or more established stock exchanges, national market systems or traded on automated quotation systems, then, as the Administrator deems appropriate in its sole and absolute discretion, the Fair Market Value shall be the closing sales price for such Shares as quoted on any such exchange or system on which the Shares are listed on the date of determination, or, if the date of determination is not a trading date, the closing sales price as quoted on such exchange or system on the trading date immediately preceding the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (ii) if (i) is not applicable, the Fair Market Value thereof shall be determined in good faith by the Administrator.
"Grantee"	means any Participant who accepts the grant of an Award in accordance with the terms of the Plan.
"Group"	means the Company, its Parents, Subsidiaries and Related Entities; a "Group Member" means any of them.
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China.
"IPO"	means the initial public offering and the listing of Shares on one established stock exchange; "Listing Date" means the date on which the listing of Shares first commences on such established stock exchange.
"Parent"	means any person Controlling the Company. "Control" means, with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person whether through the ownership of the voting securities of such person or by contract or otherwise.

"Participant"	including the following: (i) full-time employees of a Group Member who are senior management or key employees as determined by the Administrator; 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.
"Plan"	means this 2023 Share Incentive Plan II, as amended from time to time.
"Related Entity"	means any person in or of which the Company or a Subsidiary holds a substantial economic interest, or possesses the power to direct or cause the direction of the management policies, directly or indirectly, through the ownership of voting securities, by contract, or other arrangements as trustee, executor or otherwise, but which, for purposes of the Plan, is not a Subsidiary and which the Administrator designates as a Related Entity. For purposes of the Plan, any person in or of which the Company or a Subsidiary owns, directly or indirectly, securities or interests representing twenty percent (20%) or more of its total combined voting power of all classes of securities or interests shall be deemed a "Related Entity" unless the Administrator determines otherwise.
"RSU"	means a restricted share unit conferring the Grantee a conditional right upon vesting of the Award to obtain either one Share or the equivalent value of one Share in cash as determined by the Administrator in accordance with the Plan.
"Share"	means an ordinary share of the Company, par value of US$0.00001 per share, as adjusted in accordance with Section 8 hereof.
"Subsidiary"	means any person Controlled by the Company. For purposes of the Plan, any "variable interest entity" that is consolidated into the consolidated financial statements of the Company under applicable accounting principles or standards as may apply to the consolidated financial statements of the Company shall be deemed a Subsidiary.
"U.S. Person"	means a "United States Person" as defined in Section 7701(a)(30) of the Code.
"U.S. Securities Exchange Act"	means the United States Securities Exchange Act of 1934 and the regulations thereunder, as amended from time to time.

2.2 Interpretation. In this Plan, unless the context otherwise requires:

(a) the headings and index are for reference only and shall not affect the interpretation of any provisions of this Plan;

(b) any reference to a person includes any natural person, firm, company, corporation, body corporate, partnership, association, government, state or agency of a state, local, municipal or provincial authority or government body, joint venture, trust, individual proprietorship, business trust or other enterprise, entity or organization (whether or not having separate legal personality);

(c) any reference to a statutory body includes the organization or body established to replace such statutory body or for performing the functions of such statutory body;

(d) any reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be amended, consolidated, modified or re-enacted;

(e) expressions in the singular include the plural and vice versa; and expressions in any gender include other genders.

3 Shares Subject to the Plan

3.1 Subject to the provisions of Section 8 and Section 3.2 below, the maximum aggregate number of Shares which may be subject to Awards under the Plan shall not exceed 445,198,950 Shares (as appropriately adjusted for subsequent stock splits, stock dividends and the like).

3.2 If an Award terminates, expires or lapses or is cancelled, forfeited for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan (unless the Plan has terminated). If any Award (in whole or in part) is settled in cash or other property in lieu of Shares, then the number of Shares subject to such Award (or such portion of an Award) shall again be available for grant pursuant to the Plan. However, Shares that have actually been transferred to the Grantee shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that (a) if any Shares are forfeited or the Company repurchases Shares underlying any Award pursuant to the terms of the Plan or the Award Agreement; or (b) if any Shares are retained by the Company upon vesting of an Award to satisfy withholding taxes due with respect to the vesting, under which such Shares shall become available for future grant under the Plan (to the extent permitted under Applicable Laws).

4 Administration

4.1 Administrator. The Plan shall be administered by the Board or a person appointed by the Board.

4.2 Powers of the Administrator. The Administrator shall conduct the general administration of the Plan. Subject to the provisions of the Plan, the Administrator shall have the power and authority, in its sole and absolute discretion:

(a) to select the Participants to whom an Award may from time to time be granted hereunder;

(b) to determine the number of Shares to be covered by each such Award granted hereunder;

(c) to determine the terms and conditions of each Award granted hereunder, including but not limited to, the time when the Award may be vested (which may be based on performance criteria), any vesting acceleration or waiver of conditions or restrictions, and any restriction or limitation regarding any Award or the Shares subject to the Award, based in each case on such factors as the Administrator, in its sole and absolute discretion, shall determine; any such terms and conditions need not to be identical for each Participant;

(d) to make appropriate and equitable adjustments to the terms of an Award granted hereunder as it deems necessary;

(e) to determine the Fair Market Value;

(f) to prescribe the forms of Award Agreement for use under the Plan, which need not be identical for each Participant and to amend any Award Agreement;

(g) to prescribe, amend, and rescind rules and regulations relating to the Plan and the administration of the Plan and all Award Agreements, including rules and regulations relating to sub-plans or separate programs established;

(h) to allow the Participants to satisfy tax obligations by having the Company withhold from Awards that number of Shares having a Fair Market Value equal to the amount required to be withheld as set forth in Section 5.3;

(i) to construe, interpret, reconcile any inconsistency in, correct any defect in or supply any omission in the terms of the Plan, the Award Agreement and Awards granted pursuant to the Plan;

(j) to establish sub-plans and/or separate programs under the Plan as it deems necessary; and

(k) to make any other decisions and determinations and take any other actions that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

4.3 Delegation. To the extent permitted by Applicable Laws, the Administrator may from time to time delegate to one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Section 4. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegate.

4.4 Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final, binding and conclusive for all purposes and upon all Participants.

4.5 Trust. The Board may at any time determine to establish trust(s) to facilitate the administration of the Plan. The Shares under the Plan may be issued to and held by the trustee; the powers and obligations of the trustee will be limited as set forth in the trust deed and the trustee shall hold the Shares and exercise all powers and rights attached to the Shares (including the voting rights thereof) in accordance with the terms of the trust deed.

5 Terms of Awards

5.1 Grant of Awards

(a) Subject to the provisions of the Plan, the Administrator may, from time to time, in its sole and absolute discretion select the Participants to be granted Awards, and the terms and conditions imposed on the Awards granted.

(b) After the Administrator has selected the Participants, it will grant to each of the selected Participants an offer of grant of Awards by way of an Award Agreement (including other documents that the Administrator deems necessary) for acceptance. Upon receipt of a duly executed Award Agreement from the selected Participant, the Award is awarded to such Participant who becomes a Grantee pursuant to this Plan. To the extent that the offer or any term or condition set forth in the Award Agreement is not accepted by any selected Participant within the time period or in a manner prescribed in the Award Agreement, it shall be deemed that such offer has irrevocably lapsed and terminated and that the Awards that would have been granted have immediately lapsed.

(c) All Awards under the Plan shall be evidenced by an Award Agreement setting forth the number of Shares subject to the Award and the terms and conditions of the Award (including but not limited to the lock-up arrangements for Shares acquired pursuant to the Award), which shall not be inconsistent with the Plan.

(d) The Administrator will keep a proper register of the Awards, the Shares underlying each Award, and terms and conditions of the Awards.

5.2 Vesting of Awards

(a) Upon fulfillment or waiver (by the Administrator in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to an Award, a vesting notice will be sent to the Grantee by the Administrator, confirming (i) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (ii) the number of Shares subject to the vested Awards; and (iii) where the Grantee will receive Shares, the lock-up arrangements for such Shares (if applicable).

(b) The Grantee may be required to execute certain documents set forth in the vesting notice that the Administrator deems necessary (which may include a certification that he has complied with all the terms and conditions set forth in the Plan and the Award Agreement). In the event that the Grantee fails to execute the required documents within 30 days after receiving the vesting notice, the vested Awards will lapse unless otherwise determined by the Administrator.

(c) Subject to the execution of documents by the Grantee as set forth above and the Compliance requirements under Section 9, the Awards which have vested shall be satisfied in the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such Awards, either by:

(i) transferring or procuring the transfer of the Shares underlying the Awards to the Grantee or his wholly owned entity or the trust established for the benefit of the Grantee; or

(ii) paying or procuring the payment to the Grantee in cash an amount equal to the value of the Shares underlying the Awards by making on-market sales of such Shares on the vesting date of such Awards or such other date as the Administrator deems appropriate.

5.3 Tax. No Shares shall be delivered, and no payment to any Participant shall be made under the Plan until such Participant has made arrangements acceptable to the Administrator for the satisfaction of any income, employment, social welfare or other tax withholding obligations or any levies, stamp duties, charges or taxes required or permitted to be withheld or otherwise payable under Applicable Laws and any other costs and expenses in connection with the grant, vesting of Awards, the issuance and delivery of the Shares and/or the payment ("Tax Liabilities"). The Company or the relevant Group Member shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or the relevant Group Member, an amount sufficient to satisfy the Tax Liabilities. The Administrator may in its sole and absolute discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date such Shares are vested, withheld or repurchased, or such other date as the Administrator deems appropriate or as required under Applicable Laws, equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for tax purposes that are applicable to such taxable income. All elections by the Participants to have Shares withheld for this purpose (as approved by the Administrator) shall be made in such form and under such conditions as the Administrator deems necessary or advisable.

5.4 Termination for Cause. Subject to Applicable Laws, if a Grantee's employment or office with the Company or the relevant Group Member terminates for Cause, (a) all unvested Awards shall be cancelled as of the date of such termination as determined by the Administrator in its sole and absolute discretion; (b) all Shares acquired pursuant to an Award by such Grantee shall be subject to a right of repurchase by the Company at any time and from time to time at the lesser of (i) the original consideration paid for the Shares, or in the event no payment was made, then the Shares will be forfeited and cancelled without payment, (ii) the value of such Shares calculated by the Administrator based on the net asset value of the Company as of the date of such termination, and (iii) the Fair Market Value of such Shares as of the date of such termination; (c) all vested but not satisfied Awards shall be subject to a right of repurchase by the Company at any time and from time to time at the lesser of (i) the original consideration paid for the grant of the Awards, or in the event no payment was made, then the Award will be cancelled without payment, (ii) the value of the Shares underlying the Awards calculated by the Administrator based on the net asset value of the Company as of the date of such termination, and (iii) the Fair Market Value of the Shares underlying the Awards as of the date of such termination and (d) all cash, proceeds, gains or other economic benefit actually or constructively received by such Grantee upon the vesting of any Awards or upon the receipt or resale of Shares acquired pursuant to an Award shall be repaid to the Company. Any Shares covered by cancelled Awards, and any Shares repurchased or forfeited (as the case may be) pursuant to this Section 5.4, shall revert to the Plan and again be available for grant or award under the Plan.

5.5 Termination other than for Cause. If a Grantee's employment or office with the Company or the relevant Group Member terminates for any reason other than for Cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service contract upon its expiration for any reason other than for Cause), the Administrator shall determine in its sole and absolute discretion and then notify the Grantee whether any unvested Awards granted to such Grantee could vest and the period within which such Awards shall vest. If the Administrator determines that such Awards shall not vest, such unvested Awards shall be cancelled as of the date of such termination. All Shares acquired pursuant to an Award by such Grantee and all vested but not satisfied Awards shall be subject to a right of repurchase by the Company for six (6) months since the date of such termination (a) at the lesser of (i) the original consideration paid for the Shares or the grant of the Awards, or in the event no payment was made, then the Shares/Awards will be forfeited and cancelled without payment and (ii) the value of the Shares underlying the Awards calculated by the Administrator based on the net asset value of the Company as of the date of such termination, if the termination happens prior to the Listing Date or a Change in Control in which the entity holding the securities possessing more than fifty percent (50%) of the total combined voting power of the Company has shares that are publicly traded on one established stock exchange (whichever shall first occur); or (b) at the Fair Market Value of the Shares underlying the Awards as of the date of such termination, if the termination happens after the Listing Date or a Change in Control in which the entity possessing more than fifty percent (50%) of the total combined voting power of the Company has shares that are publicly traded on one established stock exchange (whichever shall first occur). Any Shares covered by cancelled Awards, and any Shares repurchased or forfeited (as the case may be) pursuant to this Section 5.5, shall revert to the Plan and again be available for grant or award under the Plan.

5.6 Decision on the Termination. The Administrator shall have the right to determine what constitutes Cause, whether the Grantee's employment or office has been terminated for Cause and the effective date of such termination for the purpose of this Plan, and such determination by the Administrator shall be final, binding and conclusive.

6 Non-Transferability

Unless otherwise determined by the Administrator and so provided in the applicable Award Agreement, 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.

7 Right as a Shareholder

The Grantee shall not have any rights as a shareholder (including but not limited to the right to vote or receive dividends) with respect to Shares underlying the Awards until the Grantee actually acquire such Shares. The Administrator shall have the sole and absolute discretion to determine whether or not a Grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-script distribution from Shares underlying the Awards prior to the vesting.

8 Adjustments Upon Changes in Capital Structure

8.1 Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, the number of Shares that have been authorized for issuance under the Plan but as to which no Awards have yet been granted or that have been returned to the Plan upon cancellation of an Award, as well as the price per Share covered by each outstanding Award, shall be proportionately and equitably adjusted for any increase, decrease or change in the number of issued Shares resulting from a subdivision or consolidation, stock dividend, amalgamation, spin-off, arrangement, combination or reclassification of Shares or for any increase, decrease or change in the number of issued Shares effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". The adjustment contemplated under this Section 8.1 shall be made by the Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, or price of Shares subject to an Award.

8.2 Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Grantee as soon as practicable prior to the commencement of such proposed dissolution or liquidation. The Administrator may in its sole and absolute discretion determine whether the remaining unvested Awards could vest and the period within which such Awards shall vest. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares shall lapse as to all such Shares, *provided* the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent the Award has not been vested prior to the commencement of such proposed dissolution or liquidation, the Award will terminate immediately prior to the commencement of such proposed dissolution or liquidation.

8.3 Change in Control. In the event of a Change in Control, except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Grantee, the Administrator may in its sole and absolute discretion determine:

(a) whether the remaining unvested Awards could vest and the period within which such Awards shall vest;

(b) purchase of any Award for an amount of cash equal to the amount that could have been attained upon the vesting of such Award or realization of the Participant's rights had such Award been currently fully vested (and, for the avoidance of doubt, if as of such date the Administrator determines in good faith that no amount would have been attained upon the vesting of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment); or

(c) the assumption, conversion or replace of any Award with other rights or property selected by the Administrator in its sole and absolute discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices and in such terms and conditions as the Administrator deems reasonable, equitable and appropriate.

8.4 No Other Rights. Except as expressly provided in the Plan, no Grantee shall have any rights by reason of any subdivision or consolidation of shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

9 Compliance

9.1 Legal Compliance. Notwithstanding any other provisions of the Plan,

(a) a Participant's participation in the Plan, the grant and vesting of Awards, the transfer of Shares and the payment to a Grantee shall be subject to all Applicable Laws, and any other applicable laws, regulations, rules and requirements, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval and going through any other governmental or official procedures that may be required by any country or jurisdiction in these regards (including but not limited to the relevant registration or other requirements by State Administration of Foreign Exchange of the People's Republic of China). The Company or the relevant Group Member may coordinate or assist the Grantee in complying with such applicable requirements and in taking any other actions as may be required by any applicable laws, regulations and rules. However, neither the Company nor the relevant Group Member shall be held liable for any failure by a Grantee to obtain any such consent or approval or be responsible for any tax or other liabilities to which a Grantee may become subject as a result of his participation in the Plan, the grant and vesting of Awards or the distribution to him; and

(b) the Company shall not be required to issue or deliver any Shares under the Plan or to pay cash to satisfy the vested Awards, and nor shall it have any liability for failure to issue or deliver any Shares under the Plan or to pay cash to satisfy the vested Awards, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of Shares and/or the payment of cash comply with all Applicable Laws, and any other laws, regulations, rules and requirements applicable to Shares. The Administrator may place legends on any share certificate to make appropriate reference to the restrictions applicable to the Shares as may be required by any such laws, regulations, rules or requirements or as deemed necessary or advisable by the Administrator. In addition to the terms and conditions provided herein, the Board may request that a Grantee provide reasonable assurances, covenants, agreements, and representations as the Board deems necessary or advisable to comply with any such laws, regulations, rules or requirements.

9.2 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section. The Administrator may use reasonable efforts to implement this Section 9.2, but in no event shall the Company or the Administrator be liable to any Grantee with respect to this Section 9.2.

10 Duration, Amendment and Termination of the Plan

10.1 Effective Date. The Plan shall become effective as of August 7, 2023 ("Effective Date"), provided that the Plan has been approved by the shareholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Awards may be granted or awarded prior to such shareholder approval, provided, that such Awards shall not vest and the restrictions thereon shall not lapse and no Shares shall be issued pursuant thereto prior to such shareholder approval, and provided further, that if such approval has not been obtained within twelve (12) months after adoption of the Plan by the Board, all Awards previously granted or awarded under the Plan shall thereupon be cancelled and become null and void.

10.2 Duration. The Plan shall remain in effect for a term of ten (10) years from the Effective Date unless sooner terminated under Section 10.3.

10.3 Amendment and Termination. The Board may at any time terminate, amend or modify the Plan; provided, however, that (a) to the extent necessary and desirable to comply with Applicable Laws the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Section 8), (ii) results in a material increase in benefits or a change in eligibility requirements. Except as provided in the Plan or any Award Agreement, no amendment, modification, suspension or termination of the Plan shall, without the consent of the Grantee, impair any rights or obligations under any Award theretofore granted.

10.4 Effect of Termination. No further Awards shall be granted after the Plan is terminated but in all other respects the provisions of the Plan shall remain in full force and effect. All Awards granted prior to such termination and not vested on the date of termination shall remain valid, unless mutually agreed otherwise between the relevant Grantee and the Company.

11 Miscellaneous Provisions

11.1 No Rights to Awards. No Participant or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Participants, Grantees or any other persons uniformly. The Plan shall not confer on any person any legal or equitable right (other than those rights constituting the Awards themselves) against the Administrator or the Company directly or indirectly or give rise to any clause of action at law or in equity against the Administrator or the Company.

11.2 No Retention Rights. This Plan shall not form part of any contract of employment or service between the Company or the relevant Group Member and any Participant, and the rights and obligations of any Participant under the terms of his office, employment or service contract shall not be affected by the participation in the Plan. Neither the Plan nor any Award shall confer upon any Participant any right to continue his or her relationship with the Company or the relevant Group Member, nor shall it in any way interfere with or limit the right of the Participant or the Company or the relevant Group Member to terminate such relationship at any time for any reason.

11.3 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or the Group Member except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

11.4 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or the Group Member. Nothing in the Plan shall be construed to limit the right of the Company or a Group Member: (a) to establish any other forms of incentives or compensation for Participants, or (b) to grant or assume options or other rights or awards other than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, securities or assets of any corporation, partnership, limited liability company, firm or association.

11.5 Indemnification. To the extent allowable pursuant to Applicable Laws, the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

11.6 Expenses. The expenses of administrating the Plan shall be borne by the Company or the relevant Group Member.

11.7 Governing Law. The Plan shall be governed by and construed in accordance with the Laws of Hong Kong without regard to conflicts of laws thereof.

Exhibit 10.3

FORM OF INDEMNIFICATION AGREEMENT

XCHG LIMITED

This Indemnification Agreement (this "**Agreement**"), made and entered into as of the day of , 2023, by and between XCHG Limited, an exempted company with limited liability under the laws of Cayman Islands (the "**Company**") and ("**Indemnitee**").

W I T N E S S E T H:

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or executive officers unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, this Agreement is a supplement to and in furtherance of the memorandum and articles of association of the Company (as may from time to time be supplemented and amended) (the "**Memorandum and Articles**") and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

WHEREAS, Indemnitee does not regard the protection available under the Memorandum and Articles and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director of the Company without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and take on additional service for or on behalf of the Company on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

(a) As used in this Agreement:

"**Change of Control**" means any one of the following circumstances occurring after the date hereof: (i) there shall have occurred an event required to be reported with respect to the Company in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) under the Exchange Act, regardless of whether the Company is then subject to such reporting requirement; (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall have become, without prior approval of the Company's Board by approval of at least two-thirds of the Continuing Directors, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding voting securities (provided that, for purposes of this clause (ii), the term "person" shall exclude (x) the Company, (y) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (z) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company); (iii) there occurs a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; (iv) all or substantially all the assets of the Company are sold or disposed of in a transaction or series of related transactions; (v) the approval by the shareholders of the Company of a complete liquidation of the Company; or (vi) the Continuing Directors cease for any reason to constitute at least a majority of the members of the Board.

"**Continuing Director**" means each director on the Board on the date hereof.

"**Corporate Status**" means the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of the Company or of any other Enterprise.

"**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

"**Enterprise**" means (i) the Company, (ii) any of the Company's subsidiaries and affiliates, and (iii) any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent.

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

"**Expenses**" means all direct and indirect costs (including attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) reasonably incurred in connection with (i) prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or (ii) establishing or enforcing a right to indemnification under this Agreement, the Memorandum and Articles, applicable law or otherwise. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. For the avoidance of doubt, Expenses, however, shall not include any Liabilities.

“**Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five years previous to its selection or appointment has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

“**Liabilities**” means any losses or liabilities, including any judgments, fines, excise taxes and penalties, penalties and amounts paid in settlement, arising out of or in connection with any Proceeding (including all interest, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, excise taxes and penalties, penalties or amounts paid in settlement).

“**Proceeding**” means any threatened, pending or completed action, derivative action, suit, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceeding hereinabove listed in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of any Corporate Status of Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status.

(b) For the purposes of this Agreement:

References to “Company” shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee, or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, then Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to any of the Company’s subsidiaries, affiliates, an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Reference to “including” shall mean “including, without limitation,” regardless of whether the words “without limitation” actually appear, references to the words “herein,” “hereof” and “hereunder” and other words of similar import shall refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision.

ARTICLE 2
SERVICES BY INDEMNITEE

Section 2.01. *Services By Indemnitee.* Indemnitee hereby agrees to serve or continue to serve as *[for directors]* a director of the Company, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed. *[for officers]* an officer of the Company until such time as Indemnitee's employment is terminated for any reason.

ARTICLE 3
INDEMNIFICATION

Section 3.01. *General.* (a) The Company hereby agrees to and shall indemnify Indemnitee and hold Indemnitee harmless from and against any and all Expenses and Liabilities, in either case, actually and reasonably incurred by Indemnitee or on Indemnitee's behalf by reason of Indemnitee's Corporate Status, to the fullest extent permitted by applicable law. The Company's indemnification obligations set forth in this Section 3.01 shall apply (i) in respect of Indemnitee's past, present and future service in any Corporate Status and (ii) regardless of whether Indemnitee is serving in any Corporate Status at the time any such Expense or Liability is incurred.

For purposes of this Agreement, the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

(i) to the fullest extent permitted by any provision of the applicable company law (the "**Companies Law**") or the corresponding provision of any successor statute, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the Companies Law adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(b) *Witness Expenses*. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection therewith.

(c) *Expenses as a Party Where Wholly or Partly Successful*. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter. All such indemnification against Expenses shall be offset by the amount of cash, if any, received by the Indemnitee resulting from his/her success therein. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 3.02. *Exclusions*. Notwithstanding any provision of this Agreement and unless Indemnitee ultimately is successful on the merits with respect to any such claim, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, regardless of whether the securities are subject to the requirements of such provisions; or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(b) except as otherwise provided in Sections 6.01(e), prior to a Change of Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law;

(c) to the extent that Indemnitee is indemnified and actually received such payment other than pursuant to this Agreement;

(d) in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudicated by final judgment in a court of law to be liable for fraud or willful default in the performance of his duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as such court shall deem proper; or

(e) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnification.

ARTICLE 4
ADVANCEMENT OF EXPENSES; DEFENSE OF CLAIMS

Section 4.01. *Advances.* Notwithstanding any provision of this Agreement to the contrary, the Company shall advance any Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding within 30 business days after the receipt by the Company of each statement in writing requesting such advance from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements in writing to the Company to support the advances claimed. Any excess of the advanced Expenses over the actual Expenses will be promptly repaid to the Company. To the extent Indemnitee has not requested any advanced payment of Expenses from the Company, Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable after Indemnitee makes a written request to the Company for reimbursement.

Section 4.02. *Repayment of Advances or Other Expenses.* Indemnitee agrees that Indemnitee shall reimburse the Company for all Expenses advanced by the Company pursuant to Section 4.01, in the event and only to the extent that it shall be determined by final judgment or other final adjudication under the provisions of any applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee is not entitled to be indemnified by the Company for such Expenses.

Section 4.03. *Defense of Claims.* The Company will be entitled to participate in the Proceeding at its own expense. Upon the delivery of written notice by the Company to Indemnitee, the Company shall be entitled to assume the defense of any Proceeding with counsel consented to by Indemnitee (such consent not to be unreasonably withheld), except for such Proceeding brought by the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee. After delivery of such notice, consent to such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to such Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in respect of any Proceeding at Indemnitee's expense and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized in writing by the Company or (B) Indemnitee shall have reasonably concluded upon the advice of counsel that there is a conflict of interest between the Company and Indemnitee in the conduct of the defense of such Proceeding, then in each such case the fees and expenses of Indemnitee's counsel shall be at the Company's expense. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any Expense, judgment, fine, damages, penalty or limitation on Indemnitee without the other party's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement.

ARTICLE 5 PROCEDURES FOR NOTIFICATION OF AND DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION

Section 5.01. *Notification; Request For Indemnification.* (a) As soon as reasonably practicable after receipt by Indemnitee of written notice that he is a party to or a participant (as a witness or otherwise) in any Proceeding or of any other matter in respect of which Indemnitee intends to seek indemnification or advancement of Expenses hereunder, Indemnitee shall provide to the Company written notice thereof, including the nature of and the facts underlying the Proceeding. The omission by Indemnitee to so notify the Company will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise.

(b) As a condition precedent to an Indemnitee's right to obtain indemnification under this Agreement, Indemnitee shall deliver to the Company a written request for indemnification, including therewith such information as is reasonably available to Indemnitee and reasonably necessary to determine Indemnitee's entitlement to indemnification hereunder and such information as reasonably requested by the Company. Such request(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Indemnitee's entitlement to indemnification shall be determined according to Section 5.02 of this Agreement and applicable law.

Section 5.02. *Determination of Entitlement.* (a) Where there has been a written request by Indemnitee for indemnification pursuant to Section 5.01(b), then as soon as is reasonably practicable (but in any event not later than 60 days) after final disposition of the relevant Proceeding, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change of Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change of Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) business days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification).

(b) If entitlement to indemnification is to be determined by Independent Counsel pursuant to Section 5.02(a)(ii), such Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. If entitlement to indemnification is to be determined by Independent Counsel pursuant to Section 5.02(a)(i)(C) (or if Indemnitee requests that such selection be made by the Board), such Independent Counsel shall be selected by the Company in which case the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) business days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within 20 days after the submission by Indemnitee of a written request for indemnification pursuant to Section 5.01(b) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 5.02(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 6.01(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees and expenses of any Independent Counsel serving under this Agreement.

Section 5.03. *Presumptions and Burdens of Proof; Effect of Certain Proceedings.* (a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 5.01(b) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by any person, persons or entity that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 5.02 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within the sixty (60) day period referred to in Section 5.02(a), the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification , absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; *provided*, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 5.03(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

ARTICLE 6
REMEDIES OF INDEMNITEE

Section 6.01. *Adjudication or Arbitration*. (a) In the event of any dispute between Indemnitee and the Company hereunder as to entitlement to indemnification or advancement of Expenses (including where (i) a determination is made pursuant to Section 5.02 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 4.01 of this Agreement, (iii) payment of indemnification pursuant to Section 3.01 of this Agreement is not made within ten (10) business days after a determination has been made that Indemnitee is entitled to indemnification, (iv) no determination as to entitlement to indemnification is timely made pursuant to Section 5.02 of this Agreement and no payment of indemnification is made within ten (10) business days after entitlement is deemed to have been determined pursuant to Section 5.03(b)) or (v) a contribution payment is not made in a timely manner pursuant to Section 8.04 of this Agreement, then Indemnitee shall be entitled to an adjudication by a court of his or her entitlement to such indemnification, contribution or advancement. Alternatively, in such case, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by the Hong Kong International Arbitration Centre. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 6.01 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 6.01 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 5.02(a) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 6.01, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 4.02 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 6.01, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 6.01 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) business days after the Company's receipt of such written request) advance such Expenses to Indemnitee, which are reasonably incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee for (i) indemnification or advances of Expenses by the Company (or otherwise for the enforcement, interpretation or defense of his or her rights) under this Agreement or any other agreement, including any other indemnification, contribution or advancement agreement, or any provision of the Memorandum and Articles now or hereafter in effect or (ii) recovery or advances under any directors' and officers' liability insurance policy maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, contribution, advancement or insurance recovery, as the case may be.

ARTICLE 7
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Section 7.01. *D&O Liability Insurance.* To the extent that the Company maintains a policy or policies of insurance ("**D&O Liability Insurance**") providing liability insurance for directors and officers of the Company in their capacities as such (and for any capacity in which any director or officer of the Company serves any other Enterprise at the request of the Company), in respect of acts or omissions occurring while serving in such capacity, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any other director or officer under such policy or policies.

Section 7.02. *Evidence of Coverage.* Upon request by Indemnitee, the Company shall provide copies of all policies of D&O Liability Insurance obtained and maintained in accordance with Section 7.01 of this Agreement. The Company shall promptly notify Indemnitee of any changes in such insurance coverage.

ARTICLE 8
MISCELLANEOUS

Section 8.01. *Non-exclusivity of Rights.* The rights of indemnification, contribution and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled to under applicable law, the Memorandum and Articles, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section 8.02. *Insurance and Subrogation.* (a) If, at the time the Company receives notice of a claim hereunder, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder if and to the extent that Indemnitee has actually received such payment under any insurance policy or other indemnity provision.

Section 8.03 The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, board of directors' committee member, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise.

Section 8.04. *Contribution.* To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s). The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 8.04 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

Section 8.05. *Amendment.* This Agreement may not be modified or amended except by a written instrument executed by or on behalf of each of the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit, restrict or reduce any right of Indemnitee under this Agreement in respect of any act or omission, or any event occurring, prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision limits rights with respect to indemnification, contribution or advancement of Expenses, it is the intent of the parties hereto that the rights with respect to indemnification, contribution or advancement of Expenses in effect prior to such change shall remain in full force and effect to the extent permitted by applicable law.

Section 8.06. *Waivers*. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term only by a writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided herein, no delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 8.07. *Entire Agreement.* This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are superseded by this Agreement, provided that this Agreement is a supplement to and in furtherance of the Memorandum and Articles and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 8.08. *Severability.* If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 8.09. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing (which may be by facsimile transmission). All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt. The address for notice to a party is as shown on the signature page of this Agreement, or such other address as any party shall have given by written notice to the other party as provided above.

Section 8.10. *Binding Effect.* (a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and executors, administrators, personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all, or a substantial part of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(c) The indemnification, contribution and advancement of Expenses provided by, or granted pursuant to this Agreement shall continue during the period Indemnitee is an officer and/or a director of the Company or is or was serving at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding by reason of his former or current capacity at the Company or any other enterprise at the Company's request, whether or not he is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, legatees and assigns of such Indemnitee.

Section 8.11. *Governing Law.* This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of Cayman Islands, without regard to its conflict of laws rules.

Section 8.12. *Consent to Jurisdiction.* Except with respect to any arbitration commenced by Indemnitee pursuant to Section 6.01(a) of this Agreement, each of the parties to this Agreement irrevocably agrees that the courts of Cayman Islands shall have nonexclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement, and, for such purposes, irrevocably submits to the nonexclusive jurisdiction of such courts.

Section 8.13. *Headings*. The Article and Section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 8.14. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 8.15. *U.S. Federal Preemption.* Notwithstanding the foregoing, both the Company and Indemnitee acknowledge that in certain instances, U.S. federal law or public policy may override applicable law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Such instances include, but are not limited to, the U.S. Securities and Exchange Commission's (the "**SEC**") prohibition on indemnification for liabilities arising under certain U.S. federal securities laws. Indemnitee also understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

Section 8.16. *No Employment Rights*. Nothing in this Agreement is intended to create in Indemnitee any right to continued employment with the Company.

Section 8.15. *Use of Certain Terms.* As used in this Agreement, the words "herein," "hereof," and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection, or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

XCHG LIMITED

By: ______________________________
Name:
Title:

Address:
Facsimile:
Attention:

With a copy to:

Address:
Facsimile:
Attention:

INDEMNITEE

____

Address:
Facsimile:

With a copy to:

Address:
Facsimile:
Attention:

Exhibit 10.4

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 10.5

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

by and among

XCHG Limited,

THE INVESTORS NAMED HEREIN,

THE FOUNDERS AND THE FOUNDER ENTITIES NAMED HEREIN,

and

OTHER RELEVANT PARTIES NAMED HEREIN

August 4, 2023

Table of Contents

1.	GENERAL MATTERS	2
2.	INFORMATION AND INSPECTION RIGHTS	2
3.	REGISTRATION RIGHTS	3
4.	RIGHTS TO FUTURE SECURITIES ISSUANCES	4
5.	RIGHT OF FIRST REFUSAL; CO-SALE RIGHT WITH RESPECT TO TRANSFERS OF ORDINARY SHARES HELD BY THE PROSPECTIVE TRANSFERORS	6
6.	BOARD AND MANAGEMENT MATTERS	9
7.	PROTECTIVE PROVISIONS	12
8.	DRAG-ALONG RIGHT	15
9.	UNDERTAKINGS	16
10.	CONFIDENTIALITY AND NON-DISCLOSURE	19
11.	ADDITIONAL COVENANTS	20
12.	EFFECTIVENESS AND TERMINATION	23
13.	INCORPORATION BY REFERENCE	23
14.	MISCELLANEOUS	23
Schedule A		48
Schedule B		60
Schedule C		66
Schedule D		67
Schedule E		68
Exhibit A		69

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Amended and Restated Investors' Rights Agreement (this "**Agreement**") is entered into as of August 4, 2023 among the following parties:

A. XCHG Limited, an exempted company incorporated with limited liability under the Laws of Cayman Islands (the "**Company**") with a registered address at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands;

B. The Persons set forth on Part I of Schedule B (collectively, the "**Series Angel Investors**" and each, a "**Series Angel Investor**");

C. The Persons set forth on Part II of Schedule B (collectively, the "**Series Seed Investors**" and each, a "**Series Seed Investor**");

D. The Persons set forth on Part III of Schedule B (collectively, the "**Series A Investors**" and each, a "**Series A Investor**");

E. The Persons set forth on Part IV of Schedule B (collectively, the "**Series A+ Investors**" and each, a "**Series A+ Investor**");

F. The Persons set forth on Part V of Schedule B (collectively, the "**Series B Investors**" and each, a "**Series B Investor**");

G. The Persons set forth on Part VI of Schedule B (collectively, the "**Series B+ Investors**" and each, a "**Series B+ Investor**"; together with the Series Angel Investors, Series Seed Investors, Series A Investors, Series A+ Investors and Series B Investors, the "**Investors**" and each, an "**Investor**");

H. The entities set forth in Schedule D (collectively, the "**Major Subsidiaries**" and each, a "**Major Subsidiary**"); and

I. The individuals set forth in Schedule C (collectively, the "**Founders**" and each, a "**Founder**") and each entity controlled by the relevant Founder as set forth opposite each such Founder's name in Schedule C (collectively, the "**Founder Entities**" and each, a "**Founder Entity**", together with the Founders, the "**Founder Parties**").

The Investors and the Founder Entities are referred to hereinafter collectively as the "**Members**" and individually as a "**Member**". The Company, the Founders, the Members and the Major Subsidiaries are collectively referred to as the "**Parties**", and each, a "**Party**".

For the avoidance of doubt, each Investor shall be deemed as certain series of Investor with respect to such series of Preference Shares held by it.

RECITALS

WHEREAS, (i) the Series B+ Investors have agreed to purchase from the Company, and the Company has agreed to sell to the Series B+ Investors, certain Series B+ Warrants of the Company, on the terms and conditions set forth in that certain Warrant Subscription Agreement dated August 4, 2023 by and among the Company, the Series B+ Investors and certain other parties named therein (the "**WSA**");

WHEREAS, the Parties to this Agreement (other than the Series B+ Investors) have entered into certain Investors' Rights Agreement on June 20, 2023 (the "**Prior IRA**");

WHEREAS, the WSA requires that, the Parties hereto enter into this Agreement as a condition to the consummation of transactions contemplated therein; and

WHEREAS, the Parties hereto intend to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. GENERAL MATTERS.

1.1 Definitions. Capitalized terms used herein without definition have the meanings assigned to them in Schedule A attached to this Agreement. Unless otherwise set forth in Schedule A, the use of any term herein in its uncapitalized form indicates that the words have their normal and general meaning.

1.2 Principal Business. The principal business of the Group Companies are as follows: the development and promotion of technologies in connection with electric vehicle chargers; charging service; sale of mechanical equipment or spare parts of charger (the "**Principal Business**").

2. INFORMATION AND INSPECTION RIGHTS.

2.1 Information Rights. The Company shall, deliver to each Investor, for so long as it holds any Equity Security of the Company, the following with respect to the Company in the manner to the satisfaction of such Investor:

(a) no later than March 15 of the following year of each fiscal year, the Company's management account (including income statement, balance sheet and statement of cash flows) for such fiscal year, which shall be prepared in accordance with Accounting Standards;

(b) no later than March 30 of the following year of each fiscal year, the Company's consolidated financial statements for such fiscal year prepared in accordance with Accounting Standards and audited by an accounting firm as approved by the Board in accordance with Section 7.2, as well as an annual operation report for such fiscal year;

(c) within thirty (30) days after the end of each quarter, the Company's consolidated and unaudited financial statements (including income statement, balance sheet and statement of cash flows), all of which shall be prepared in accordance with Accounting Standards and signed and confirmed by the chief financial officer ("**CFO**") of the Company;

(d) within fifteen (15) days after the end of each month, the Company's consolidated and unaudited financial statements (including income statement, balance sheet and statement of cash flows) prepared in accordance with Accounting Standards and signed and confirmed by the CFO of the Company;

(e) at least thirty (30) days before the starting date of each fiscal year, the annual budget of the Group Companies for such fiscal year, as approved by the Board of the Company;

(f) within thirty (30) days after the end of each quarter, the register of members and list of warrant holders (if any) of the Company, together with the statement of Equity Securities held by each of such members or warrant holders (if any), as signed and confirmed by the CFO of the Company; and

(g) any other information of the Group Companies requested by any Investor.

2.2 Inspection Rights. Each Investor (so long as such Investor holds Equity Securities in the Company) shall have the right to visit and inspect each Group Company's properties; examine such Group Company's books of account and records and other materials; obtain financial, operation or other information (or a copy thereof) of such Group Company reasonably requested by such Investor; and discuss about such Group Company's business, operation, and condition with its relevant directors, officers, employees, accountants, legal counsels and investment bankers. Upon the request of any Investor (so long as such Investor holds Equity Securities in the Company, the "**Requesting Investor**"), the Company and the Founders shall (and shall procure other Group Companies to) cooperate with the Requesting Investor to conduct an independent audit of the Group Companies. Notwithstanding the foregoing, no Investor may exercise the rights provided in this Section 2.2 unless: (i) the directors, officers, employees, accountants, legal counsels and investment bankers undertake to comply with the obligation set forth in Section 10 hereof; (ii) according to reasonable judgment of such Investor, the exercise of the rights provided in this Section 2.2 will not adversely affect the daily operation of the Company in material respects; and (iii) the exercise of the rights provided in this Section 2.2 will not violate any antitrust-related Laws.

2.3 Termination of Information and Inspection Rights. The rights and covenants set forth in Sections 2.1 and 2.2 hereof shall terminate and be of no further force or effect upon the earlier to occur of: (i) the consummation of a Qualified IPO, or (ii) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and have been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

3. REGISTRATION RIGHTS.

3.1 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 of America, 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 as provided in this Section 3. The Company shall (x) give written notice of such proposed registration to each such Investor at least ten (10) days before the anticipated filing date of the relevant registration statement, which notice shall describe the proposed registration and distribution, and (y) include in such registration the number of Registrable Securities specified in each written request for inclusion therein delivered by any Investor to the Company not later than ten (10) days of the receipt by such Investor of such written notice referred to in clause (x) above. The failure of any Investor to respond within such ten (10) - day period referred to in clause (y) above shall be deemed to be a waiver of such Investor's rights under this Section 3 with respect to such registration. Nonetheless, the Company shall not be required to include any securities held by any Investor in an underwritten offering unless 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.

3.2 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 pursuant to this Section 3, 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.

4. RIGHTS TO FUTURE SECURITIES ISSUANCES.

Subject to the terms and conditions of this Section 4 and applicable securities Laws, each of the Investors shall have a right (the "**Preemptive Right**"), but not an obligation, to purchase certain portion of New Securities that the Company may, from time to time after the Closing, propose to issue to any potential purchaser according to this Section 4 and subject to the restrictions set forth in Section 7 hereof.

4.1 Company Notice. If the Company intends to issue New Securities or take any action of similar nature (the "**Future Issuance**"), the Company shall give a written notice (the "**Offer Notice**") to each Investor, stating all material terms and conditions of such Future Issuance, including but not limited to the number or percentage of such New Securities to be issued, the potential purchaser(s), the price, payment schedule and rights of shareholders, upon which it proposes to issue such New Securities.

4.2 Exercise of Right of First Refusal by Shell. Within thirty (30) days after receiving the Offer Notice (the "**PR Period**"), Shell may elect to purchase or otherwise acquire, on the same terms and conditions specified in the Offer Notice, up to thirty percent (30%) of such New Securities in preference to any other Investors or the potential third party purchaser(s), by written notice to the Company ("**Shell Notice**") indicating the number or percentage of New Securities it intends to purchase.

4.3 Exercise of Right of Secondary Refusal by the Investors other than Shell. The New Securities unpurchased by Shell (the "**Remaining New Securities**") in accordance with the above Section 4.2 shall be made available to each Investor other than Shell to purchase or otherwise acquire, at the same price and on the same terms and conditions specified in the Offer Notice, up to all of its Pro Rata Amount of the Remaining New Securities. Within the PR Period, each Investor other than Shell may elect to purchase all or a portion of its Pro Rata Amount of the Remaining New Securities at the same price and on the same terms and conditions as indicated on the Offer Notice by notifying the Company in writing of the number or percentage of New Securities it intends to purchase. Such "**Pro Rata Amount of the Remaining New Securities**" shall be a product obtained by multiplying the aggregate number of Remaining New Securities by a fraction, the numerator of which shall be the number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by such Investor on the date of the Offer Notice and the denominator of which shall be the aggregate number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) then outstanding on the date of the Offer Notice.

4.4 Over-Allotment. If any Investor elects not to exercise its Preemptive Right or fails to exercise its Preemptive Right in full or fails to respond to the Company in writing within the PR Period, then the remaining New Securities unpurchased by the Investors in accordance with Sections 4.2 and 4.3 hereof (the "**Over-Allotment Issuance Shares**") shall be made available to each Investor who has fully exercised its Preemptive Right (the "**Fully Exercising Investor**") for over-allotment. After the PR Period, the Company shall deliver an over-allotment notice to each Fully Exercising Investor to inform them of the aggregate number of Over-Allotment Issuance Shares that are available for over-allotment. Each Fully Exercising Investor shall have ten (10) days after the receipt of such over-allotment notice to irrevocably elect to purchase all or a portion of the Over-Allotment Issuance Shares at the same price and on the same terms and conditions as indicated on the Offer Notice, by notifying the Company in writing of the number of Over-Allotment Issuance Shares to be purchased. If the aggregate number of the Over-Allotment Issuance Shares elected to be purchased by all Fully Exercising Investors in response to such over-allotment notice exceeds the aggregate number of the Over-Allotment Issuance Shares that are available for over-allotment, then the Over-Allotment Issuance Shares shall be allocated among the Fully Exercising Investors by allocating to each Fully Exercising Investor the lesser of (A) the number of Over-Allotment Issuance Shares it elects to purchase in its response to the Company's over-allotment notice, and (B) its over-allotment pro rata share of the Over-Allotment Issuance Shares. Such Fully Exercising Investor's "over-allotment pro rata share of the Over-Allotment Issuance Shares" shall be a product obtained by multiplying the number of Over-Allotment Issuance Shares with a faction, the numerator of which shall be the number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by such Fully Exercising Investor on the date of the Offer Notice and the denominator of which shall be the aggregate number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by all Fully Exercising Investors who participate in such allocation step on the date of the Offer Notice.

4.5 Sale of Securities. If the New Securities referred to in the Offer Notice are not elected to be purchased or to be fully purchased or acquired by exercise of Preemptive Right within the prescribed period set forth in the above Sections 4.2, 4.3 and 4.4, the Company may have ninety (90) days after the date of the Offer Notice to enter into a share subscription agreement for the offer and sale of the remaining unsubscribed portion of such New Securities to any Person or Persons at a price no less than, and upon terms and conditions (including but not limited to payment schedule and rights of shareholders) no more favorable than, those specified in the Offer Notice, to the potential purchaser(s); *provided* that such potential purchaser(s) shall enter into a new or an amended version of this Agreement with the Parties and make substantially the same representations and warranties made by the Investors herein. If the Company fails to enter into the said share subscription agreement with the potential purchaser(s) within the prescribed period set forth in this Section 4.5, the Company shall not thereafter enter into such share subscription agreement without first again complying with Section 4.1 through Section 4.4.

4.6 Termination of Preemptive Right. The rights and covenants set forth in this Section 4 shall terminate and be of no further force and effect upon the earlier to occur of: (a) the consummation of a Qualified IPO; and (b) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

5. RIGHT OF FIRST REFUSAL; CO-SALE RIGHT WITH RESPECT TO TRANSFERS OF ORDINARY SHARES HELD BY THE PROSPECTIVE TRANSFERORS.

5.1 Right of First Refusal.

(a) Grant. Subject to the limitations on transferability set forth in Section 9.1 hereof, each of the Founder Entities (collectively, the "**Prospective Transferors**" and each, a "**Prospective Transferor**") hereby unconditionally and irrevocably grants to the Investors (collectively, the "**ROFR Holders**" and each, a "**ROFR Holder**"), a Right of First Refusal to purchase certain portion of Equity Securities that such Prospective Transferor may propose to transfer in a Proposed Transfer (the "**Transfer Shares**"), at the same price and on the same terms and conditions as those offered to the Prospective Transferee to which such Prospective Transferor proposes to make such Proposed Transfer.

(b) Notice. Each Prospective Transferor proposing to make a Proposed Transfer shall promptly deliver a written notice setting forth the terms and conditions of such Proposed Transfer (the "**Proposed Transfer Notice**") to each Investor. Such Proposed Transfer Notice shall contain the material terms and conditions (including but not limited to the Prospective Transferee, price and payment schedule) of the Proposed Transfer.

(c) Exercise of Right of First Refusal by the ROFR Holders. To exercise its Right of First Refusal under this Section 5.1, each ROFR Holder shall deliver a written notice of its intent to exercise its Right of First Refusal up to its ROFR pro rata share of the Transfer Shares (the "**ROFR Notice**") to the Prospective Transferor within thirty (30) days after receipt of the Proposed Transfer Notice ("**ROFR Notice Period**"). The ROFR Notice shall specify the number of Transfer Shares proposed to be purchased by such ROFR Holder pursuant to exercise of the First Refusal Right, which shall not exceed its ROFR pro rata share of the Transfer Shares. Such ROFR Holder's "ROFR pro rata share of the Transfer Shares" shall be a product obtained by multiplying the aggregate number of Transfer Shares with a faction, the numerator of which shall be the number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by such ROFR Holder on the date of the Proposed Transfer Notice and the denominator of which shall be the aggregate number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by all ROFR Holders on the date of the Proposed Transfer Notice.

(d) Re-allotment. If any ROFR Holder elects not to exercise its Right of First Refusal, or fails to exercise its Right of First Refusal in full, or fails to respond to the Prospective Transferor or notify the Company in writing within the ROFR Notice Period, then the remaining Transfer Shares unpurchased by the ROFR Holders in accordance with Section 5.1(a) - (c) hereof (the "**Re-Allotment Transfer Shares**") shall be made available to each ROFR Holder who has fully exercised its Right of First Refusal (the "**Fully Exercising ROFR Holder**") for re-allotment. After the ROFR Notice Period, the Company shall deliver a re-allotment notice to each Fully Exercising ROFR Holder to inform them of the aggregate number of Re-Allotment Transfer Shares that are available for re-allotment. Each Fully Exercising ROFR Holder shall have ten (10) days after the receipt of such re-allotment notice to irrevocably elect to purchase all or a portion of the Re-Allotment Transfer Shares at the same price and on the same terms and conditions as indicated on the ROFR Notice by notifying the Company in writing of the number of Re-Allotment Transfer Shares to be purchased. If the aggregate number of the Re-Allotment Transfer Shares elected to be purchased by all Fully Exercising ROFR Holders in response to such re-allotment notice exceeds the aggregate number of the Re-Allotment Transfer Shares that are available for re-allotment, then the Re-Allotment Transfer Shares shall be allocated among the Fully Exercising ROFR Holders by allocating to each Fully Exercising ROFR Holder the lesser of (A) the number of Re-Allotment Transfer Shares it elects to purchase in its response to the Company's re-allotment notice, and (B) its re-allotment pro rata share of the Re-Allotment Transfer Shares. Such Fully Exercising ROFR Holder's "re-allotment pro rata share of the Re-Allotment Transfer Shares" shall be a product determined by multiplying the aggregate number of the Re-Allotment Transfer Shares by a fraction, the numerator of which shall be the number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by such Fully Exercising ROFR Holder on the date of the Proposed Transfer Notice and the denominator of which shall be the aggregate number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by all Fully Exercising ROFR Holders who participate in such allocation step on the date of the Proposed Transfer Notice.

(e) Sale of Transfer Shares.

(i) If any ROFR Holder has delivered the ROFR Notice or re-allotment notice pursuant to Sections 5.1(c) and 5.1(d) above, (A) the Prospective Transferor may not transfer the Transfer Shares elected to be purchased by the ROFR Holder(s) (the "**ROFR Shares**") and shall transfer such ROFR Shares to the relevant ROFR Holder(s) as soon as practicable; and (B) each Party shall cooperate actively in the procedures required for consummation of such transfer of ROFR Shares.

(ii) If the Transfer Shares referred to in the ROFR Notice are not elected to be purchased or acquired or to be fully purchased or acquired by exercise of Right of First Refusal within the prescribed period set forth in the above Sections 5.1(c) and 5.1(d), the Company may, during a period of six (6) months following the date of the ROFR Notice offer, sell such unpurchased portion of Transfer Shares to the Prospective Transferee on the terms and conditions specified in the ROFR Notice; *provided* that such transfer shall not be in contravention of Section 9.1(c) and Section 5.2 (if applicable); *provided further* that, as a condition to such sale, such Prospective Transferee shall agree to enter into a contract containing substantially the same terms and conditions as this Agreement with the Parties and agree that its acquired Transfer Shares shall apply the same restriction as applicable to the Prospective Transferor when it holds such Transfer Shares.

(f) If, for the purpose of exercise of Right of First Refusal by any ROFR Holder, any registration, approval, consent or other permit is required to be obtained from the Company, any other shareholder, any Governmental Authority or securities exchange, the Parties shall as soon as practicable use reasonable efforts to give or cause to obtain such registration, approval, consent or other permit.

5.2 Right of Co-Sale.

(a) Exercise of Right. If any ROFR Holder elects not to exercise its Right of First Refusal, it may elect to exercise its Right of Co-Sale by participating on a pro rata basis in the Proposed Transfer in accordance with Section 5.2(b) hereof on the same terms and conditions specified in the Proposed Transfer Notice; *provided* that if such ROFR Holder desires to sell Preference Shares or the Warrant(s), the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preference Shares or Warrant Shares into Ordinary Shares. Each ROFR Holder who desires to exercise its Right of Co-Sale must give the Company and the Prospective Transferor written notice within the ROFR Notice Period, describing the number of Equity Securities that such ROFR Holder intends to sell upon exercise of its Right of Co-Sale (the "**Co-Sale Shares**"), which shall not exceed its co-sale pro rata share of the Transfer Shares, and upon giving such notice such Investor shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable and Sale of Shares. Such ROFR Holder's "co-sale pro rata share of the Transfer Shares" shall equal to the product obtained by multiplying (i) the aggregate number of Transfer Shares subject to the Proposed Transfer by (ii) a fraction, the numerator of which shall be the number of Ordinary Shares (on an as-converted and fully-diluted basis) held by such ROFR Holder immediately prior to the completion of the Proposed Transfer and the denominator of which shall be (x) the total number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held, in the aggregate, by all ROFR Holders electing to exercise their Right of Co-Sale on the date of the Proposed Transfer Notice, plus (y) the aggregate number of Ordinary Shares (calculated on an as-converted and fully-diluted basis) held by the Prospective Transferor(s) on the date of the Proposed Transfer Notice. To the extent one or more of the ROFR Holders exercise such Right of Co-Sale in accordance with the terms and conditions set forth herein, the number of Transfer Shares that the Prospective Transferor may sell in the Proposed Transfer shall be correspondingly reduced, and the Company and the Prospective Transferor shall cause the Prospective Transferee(s) to purchase Co-Sale Shares on the same terms and conditions specified in the Proposed Transfer Notice. If any Prospective Transferee or Transferees refuse(s) to purchase such Co-Sale Shares, the Prospective Transferor may not sell any Transfer Shares to such Prospective Transferee or Transferees unless and until the Prospective Transferee or Transferees agree(s) to (A) purchase all such Co-Sale Shares on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice, and (B) enter into a contract containing substantially the same terms and conditions as this Agreement with the Parties and that its acquired Transfer Shares shall apply the same restriction as applicable to the Prospective Transferor when it holds such Transfer Shares.

(c) If, for the purpose of exercise of Right of Co-sale by any ROFR Holder, any registration, approval, consent or other permit is required to be obtained from the Company, any other shareholder, any Governmental Authority or securities exchange, the Parties shall as soon as practicable use reasonable efforts to give or cause to obtain such registration, approval, consent or other permit.

5.3 Effect of Failure to Comply. Any Proposed Transfer not made in compliance with the requirements of this Section 5 and Section 9.1 shall be null and void *ab initio*, shall not confer the rights and privileges as a shareholder of the Company on the transferee and the transferee shall not be recognized as a shareholder by the Company.

5.4 Exempted Transfers and Offerings.

(a) Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, (i) the provisions of Sections 5.1 and 5.2 hereof shall not apply to any Proposed Transfer pursuant to ESOP Plan duly adopted pursuant to Section 7.2; and (ii) the provisions of Section 5.2 shall not apply to the transfer of Transfer Shares to any ROFR Holder by exercising its Right of First Refusal pursuant to Section 5.1.

(b) Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 5.1 and 5.2 hereof shall not apply to the sale of any Transfer Shares (i) in a Public Offering, or (ii) pursuant to a Deemed Liquidation Event, or (iii) upon the consummation of a Share Sale.

5.5 Termination of Right of First Refusal and Co-Sale Right. The rights and covenants set forth in this Section 5 shall terminate and be of no further force or effect upon the earlier to occur of: (a) the consummation of a Qualified IPO; or (b) a Deemed Liquidation Event whereby all the Investors having fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

6. BOARD AND MANAGEMENT MATTERS.

6.1 Board Composition. On and after the Closing, the Company shall have a Board consisting of no more than eleven (11) members, where:

(a) FET (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly designated and actually holds office, such person is referred to the "**FET Director**").

(b) Shell (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**Shell Director**").

(c) GGV (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**GGV Director**").

(d) Zhen Partners (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**Zhen Partners Director**").

(e) 58 (for so long as it holds any Equity Security of the Company) has the right to appoint one (1) person from time to time (if such person is duly appointed and actually holds office, such person is referred to as the "**58 Director**").

(f) the Founders have the right to appoint six (6) persons from time to time (if any of such persons is duly appointed and actually holds office, such persons are collectively referred to as the "**Ordinary Directors**"). The Ordinary Directors shall be full-time employees of the Group Companies.

Any Person entitled to appoint a Director to the Board pursuant to this Section 6.1 shall be entitled to remove any such Director, within the term of office of such Director, by delivering a duly executed notice to the Company. Unless otherwise specified in such notice, such appointment and removal shall take effect upon receipt of such notice by the Company. Each Member shall vote in favor of the aforesaid appointment or removal at the general meeting (if necessary).

Any Person entitled to appoint any individual as a Director of the Board pursuant to this Section 6.1 shall have the right to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation, removal or otherwise of any Director occupying such position. If a vacancy is created on the Board at any time by the death, disability, retirement, resignation, removal or otherwise of any Director appointed pursuant to this Section 6.1, the replacement to fill such vacancy shall be designated in the same manner as the Director who is being replaced in accordance with this Section 6.1 and the replacement shall serve within the term of office of his/her predecessor.

The Board shall have one (1) chairman and may have one (1) vice chairman, all of which shall be elected by a simple majority of votes of the Board. The chairman of Board shall preside over the Board meetings; if he/she is unable to act, or is not present at any Board meeting, he/she may authorize (in writing or otherwise) any other Director to preside as chairman of such Board meetings.

6.2 Observer. Shanghai Dingbei and Shanghai Dingpai shall be entitled to jointly appoint one (1) representative (the "**Eastern Bell Observer**") to attend all meetings of the Board and articulate his/her opinions or suggestions as to the matters to be voted on, without having any voting or other rights of a Director. China-US Green shall be entitled to appoint one (1) representative (the "**China-US Green Observer**") to attend all meetings of the Board and articulate his/her opinions or suggestions as to the matters to be voted on, without having any voting or other rights of a Director. The Company shall give the Eastern Bell Observer and the China-US Green Observer copies of all materials and information that it provides to its Directors at the same time and in the same manner as provided to such Directors, *provided* that, Shanghai Dingbei and Shanghai Dingpai shall procure the Eastern Bell Observer to, and China-US Green shall procure the China-US Green Observer to, keep all information obtained in such observation process strictly confidential, and not to use such information for any purpose other than reporting to Shanghai Dingbei, Shanghai Dingpai or China-US Green (as the case may be) as applicable.

6.3 Establishment of Audit Committee and/or Compensation Committee.

(a) If the Board establishes an audit committee, such audit committee shall include all Preference Directors.

(b) If the Board establishes a compensation committee, such compensation committee shall have no more than seven (7) members, consisting of the FET Director, the Shell Director, the GGV Director (if any), the Zhen Partners Director (if any), the 58 Director and two (2) Ordinary Directors, and such compensation committee shall be responsible for certain administration of the Company's Specific ESOP on behalf of the Board, which shall only include: (i) selection of the participants to whom an award under the Specific ESOP may be granted, (ii) determination of the time when an award under the Specific ESOP may be vested; and (iii) determination of conditions precedent to the vesting of an award under the Specific ESOP, all of which matters shall be determined by at least four (4) affirmative votes of all committee members. For the avoidance of doubts, there is no need to submit any matter with respect to such administration of the Company's Specific ESOP to the Board for another approval in accordance with Section 7. The compensation committee of the Board shall be established no later than the date when the reservation of First Tranche Additional ESOP Shares takes effect.

6.4 Subsidiary Board. The composition of board of any Subsidiary of the Company shall be decided by the Board of the Company in accordance with Section 7.2.

6.5 Board Meetings, etc. The Board shall meet at least quarterly in accordance with an agreed-upon schedule (the "**Regular Board Meeting**"). For each Regular Board Meeting, at least ten (10) Business Days' prior written notice shall be given by the chairman of the Board to all Directors specifying the date, time, location and agenda of such Regular Board Meeting. At least five (5) days' written notice shall be given to all Directors to convene an interim board meeting (the "**Interim Board Meeting**"). Upon written approval of all Directors, the notice for a Regular Board Meeting may be given less than such ten (10) Business Days in advance and the notice for an Interim Board Meeting may be given less than such five (5) days in advance. A quorum for a Board meeting shall consist of all Directors. If any Preference Director is not present at the meeting, the meeting shall stand adjourned to the fifth (5th) Business Day after the original date at the same time and place. The Company shall notify all Directors of the adjourned meeting in writing. If at such adjourned meeting, any Preference Director is still not present, the Director(s) present shall constitute a quorum at such adjourned meeting; *provided* that (i) such adjourned meeting shall not have formal discussions about or resolve on any matter not specified in the notice, and (ii) without the attendance of all Preference Directors, the adjourned meeting shall not resolve on any matter provided in Section 7.2 (excluding item (c) of Section 7.2), irrespective of whether such matter has been specified in the meeting notice or not, and resolutions made in violation of the restrictions set forth in the above items (i) and (ii) shall be null and void. Each Director may be present at the meeting in person or by means of conference call or video access. Each Director shall have one (1) vote on any matter submitted for approval of the Board. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being, shall be as valid and effectual as if it had been approved at a meeting of the Board, duly convened and held. At least ten (10) Business Days prior to each Regular Board Meeting, the Company shall provide all Directors with a quarterly report which shall contain all necessary information reasonably required by the Directors, including the quarterly management accounts, statement on the operation and financial condition of the Company and its Subsidiaries, forecast for operation and financial condition in the immediate future, management issues and other matters relating to the operation. Except as otherwise expressly provided in Section 7.2, the approval of, or consent to, any matter coming before the Board at a duly noticed meeting of the Board shall require a simple majority of the affirmative votes of all Directors, or otherwise the unanimous written approval by all Directors.

6.6 Director Liabilities. No Director shall personally be liable for any act taken by it in his/her/its capacity or performing duties as a Director, unless such act constitutes willful misconduct, gross negligence or violation of Laws applicable to the Company or such Director; *provided* that the validity of resolutions adopted pursuant to Laws applicable to the Company shall not be affected or impaired by such Director's personal liabilities.

6.7 Director Remuneration. Each Director shall not ask for remuneration for providing services to the Company in his/her/its capacity as a Director. The Company shall reimburse each Director for his/her/its necessary and reasonable out-of-pocket expenses incurred in connection with attending Board meetings in accordance with Section 6.5 hereof, including but not limited to travel expenses, lodging expenses and other relevant expenses. Such expenditure shall be deemed as the Company's operating expenses.

6.8 Management. The Company shall have one (1) general manager (the "**GM**") which shall be designated by the Board. The GM shall be responsible for the daily operation and management of the Group Companies in accordance with this Agreement, the Memorandum and Articles of Association, the powers granted by the Board and the applicable Laws, and shall report to the Board on regular basis. The GM shall have the right to nominate the vice general manager and CFO of the Company, all of which shall be approved by the Board.

6.9 Termination. The rights and covenants set forth in this Section 6 shall terminate and be of no further force or effect upon the earlier to occur of: (a) the consummation of a Qualified IPO; or (b) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

7. PROTECTIVE PROVISIONS.

7.1 Notwithstanding anything to the contrary in this Agreement, the Company shall not, without (in addition to any other vote or consent required in this Agreement or the Memorandum and Articles of Association, or by any applicable Laws, including without limitation the approval of the shareholders at any general meeting (if applicable)) (i) first obtaining the approval of all Lead Investors, and (ii) (x) if the approval of the shareholders at any general meeting is required, then obtaining the approval of the shareholders at any general meeting (which shall include the approval of the Ordinary Majority) and (y) if the approval of the shareholders at any general meeting is not required, then obtaining the approval of the Board, take any actions, or allow or cause to be taken any actions, or commit itself to take any actions, whether directly or indirectly, by amendment, merger, consolidation or otherwise, as follows:

(a) any merger, split, dissolution, liquidation, winding up or change of form involving any Group Company;

(b) any sale, transfer, lease or the incurrence of mortgage or pledge, or any other disposal of all or substantially all assets and/or business of Group Companies; *provided* that the value of such assets and/or business exceeds half of the aggregate amount of the audited net assets of the Group Companies on consolidate basis as of the end of the preceding fiscal year; or

(c) any change of or restriction on any Investor's rights under this Agreement and the Memorandum and Articles of Association.

7.2 Notwithstanding anything to the contrary in this Agreement, the Company shall not, without (in addition to any other vote or consent required in this Agreement or the Memorandum and Articles of Association, or by any applicable Laws, including without limitation the approval of the shareholders at any general meeting (if applicable)) (i) solely with respect to item (c) below, first obtaining the approval of the Majority Lead Investors and (x) if the approval of the shareholders at any general meeting is required, then obtaining the approval of the shareholders at any general meeting (which shall include the approval of the Ordinary Majority) and (y) if the approval of the shareholders at any general meeting is not required, then obtaining the approval of the Board, (ii) solely with respect to the following items excluding items (a), (b), (c), (f), (k) and (m) below, first obtaining the approval of the Board, which shall include the affirmative votes of Directors representing more than two thirds (2/3) of the Directors present at the Board meeting (which shall include at least one (1) Preference Director unless no Preference Director present at the Board Meeting); and (iii) solely with respect to items (a), (b), (f), (k) and (m) below, first obtaining the approval of the Board, which shall include the affirmative votes of the simple majority of Preference Directors; *provided that*, without prejudice to the generality of the foregoing, the affirmative vote of 58 Director shall be obtained solely with respect to any repurchase or redemption of any Equity Security of the Company, other than (x) the repurchase or redemption pursuant to Article 13.4 of the Memorandum and Articles of Association; or (y) the repurchase or redemption of Equity Securities pursuant to a duly approved ESOP, take any actions, or allow or cause to be taken any actions, or commit itself to take any actions, whether directly or indirectly, by amendment, merger, consolidation or otherwise, as follows:

(a) any amendment to this Agreement or the memorandum and articles of association of any Group Company;

(b) any increase or decrease of registered capital or authorized share capital of any Group Company (including the authorization or issuance of any option or warrant which may result in the increase of registered capital or authorized share capital of any Group Company, or the dilution or decrease of shares of any Investor in any Group Company), and any increase or decrease of registered capital or authorized share capital of any Group Company as a result of implementing any ESOP;

(c) (i) cessation of the business of any Group Company, or (ii) substantial change of any Group Company's current business or engagement in any new business by any Group Company;

(d) any action that issues or authorizes any Equity Securities of any Group Company that are convertible into, exchangeable for or exercisable into any Equity Securities having the rights, preferences, privileges or powers superior to or on a parity with the Preference Shares;

(e) any declaration or payment of dividends to the shareholders by the Group Companies;

(f) any repurchase or redemption of any Equity Security of any Group Company, other than the repurchase or redemption by the Investors pursuant to the Memorandum and Articles of Association;

(g) any change of the sole director or the number of directors of any existing Group Company, or the number of directors and composition of the board of directors or the appointment of the sole director of any Subsidiary of the Company established after the date hereof;

(h) any appointment or change of auditors of any Group Company;

(i) without prejudice to Section 9.1, any transfer or creation of pledge over the Shares held by the Founder Entities; any transfer or creation of pledge over the Equity Securities of any Subsidiary by the Company;

(j) approval of or amendment to the annual budget and/or annual consolidated business budget of any Group Company; such approved annual budget shall be hereinafter referred to as the "**Approved Budget**";

(k) any sale, lease, transfer, disposal of or creation of mortgage or pledge over the assets and/or business of any Group Company, except for those as provided in Section 7.1(b);

(l) any sale or disposal of any Equity Securities of any Group Company, or any transaction which may result in the change of Control of any Group Company;

(m) any declaration of bankruptcy of any Group Company, or the appointment of receiver, liquidator, legal administrator or other similar personnel for any Group Company;

(n) any merger, acquisition, amalgamation, reorganization or restructuring involving any Group Company;

(o) the initial public offering of any Equity Securities of the Company;

(p) for each fiscal year, incurrence of expenses or entering into any contracts for expenses by any Group Company, the amount of which is in aggregate in excess of US$750,000 outside the Approved Budget of such fiscal year;

(q) any investment or incurrence of any capital expenditure in excess of US$750,000 by any Group Company;

(r) any transaction (including but not limited to extension of any loan to any director, senior officer or employee of the Group Company) between any Group Company as one party and any shareholder, director, senior officer and/or any other Affiliate of any Group Company as the other party;

(s) appointment or removal of the GM, chief operation officer or chief technology officer of any Group Company; approval of the vice general manager and CFO of the Company nominated by the GM;

(t) adoption or change of the ESOP;

(u) approval or change of the remuneration of any senior officer (i.e. vice president or higher level); approval or change of the employment contract of any Group Company with employee's annual salary exceeding US$100,000;

(v) approval of the implementation plan of any ESOP; or

(w) other matters subject to the approval of the Board in accordance with this Agreement or the Memorandum or Articles of Association.

7.3 Notwithstanding anything to the contrary in this Agreement or the Memorandum and Articles of Association, subject to the compliance with provisions of Section 4, each Party shall procure each director designated by it to vote in favor of the next round financing of the Group Companies, on condition that the pre-money valuation of such next round financing shall be no less than 140% of the Series B+ Post-Money Valuation of the Group Companies (for the avoidance of doubt, for the purpose of this Agreement, the "**Series B+ Post-Money Valuation**" of the Group Companies shall be equal to (i) the comprehensive pre-money valuation (综合投前估值) as defined in the Onshore CB Agreement, plus (ii) the aggregate principal amount under the Onshore CB Agreement and the Offshore CB Agreements that has been converted into the Series B+ Preference Shares).

7.4 Termination. The rights and covenants set forth in this Section 7 shall terminate and be of no further force or effect upon the earlier to occur of: (a) the consummation of a Qualified IPO; or (b) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

8. DRAG-ALONG RIGHT.

8.1 Actions to be Taken. Notwithstanding anything herein or in the Memorandum and Articles of Association to the contrary, in the event that the Majority Investors (the "**Selling Investors**") and the Ordinary Majority approve a Sale of the Company in writing that involves a valuation of the Company of more than one hundred and fifty percent (150%) of the Series B+ Post-Money Valuation (the "**Drag-Along Sale**"), then each Member shall:

(a) if such Drag-Along Sale requires approval of the Members of the Company or the Directors, with respect to all Shares that such Member owns or over which such Member otherwise exercises voting power, vote (in person, by proxy or by action by written consent, as applicable) all such Shares or to procure the Directors designated by such Member to vote in favor of, and adopt, such Sale of the Company (together with any related amendment to the Memorandum and Articles of Association required in order to implement such Sale of the Company) and vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Sale of the Company;

(b) if such Drag-Along Sale is a Share Sale, sell all Shares beneficially held by such Member to the Person to which the Selling Investors propose to sell their Shares, and on the same terms and conditions applicable to the Selling Investors; however if the person to whom the Selling Investors propose to sell the Shares (the "**Proposed Purchaser**") in such Share Sale does not purchase the Warrant(s) from any Warrant Holder, such Warrant Holder shall exercise or designate an Affiliate, and the Company shall cooperate with such Warrant Holder, to exercise its Warrant(s) in accordance with the Warrant(s) as soon as practicable and such Warrant Holder and/or its Affiliate shall sell all its Warrant Shares to the Proposed Purchaser on the same terms and conditions applicable to the Selling Investors;

(c) execute and deliver all related documentation and take such other action in support of the Drag-Along Sale as shall reasonably be requested by the Company or the Selling Investors in order to carry out the terms and provision of this Section 8.1, including without limitation, executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents; and

(d) to refrain from exercising any dissenters' rights, rights of appraisal or right of first refusal under applicable Law, this Agreement or any other Transaction Agreements at any time with respect to such Drag-Along Sale.

8.2 Payment Allocation. The consideration received pursuant to the Drag-Along Sale shall be allocated among the parties thereto in the manner specified in the Memorandum and Articles of Association in effect immediately prior to the Sale of the Company (as if such transaction was a Deemed Liquidation Event).

8.3 Termination. The rights and covenants set forth in this Section 8 shall terminate and be of no further force or effect upon the earlier to occur of: (a) 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; or (b) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

9. UNDERTAKINGS.

9.1 Transfer Restrictions.

(a) Each of the Founder Parties agrees that, without the prior written consent of the Investors collectively holding three fourth (3/4) or more of Ordinary Shares (on an as-converted and fully-diluted basis) held by all Investors and subject to provisions of Section 7.1, such Founder Party shall not, directly or indirectly, (i) transfer, sell, pledge, encumber, hypothecate or otherwise dispose of any Ordinary Shares or other Equity Securities beneficially held by it; (ii) enter into any share-related agreement or similar agreement for purpose of transferring all or part of the economic interest of the Company owned by it or risks of the Company assumed by it; or (iii) announce any intention to carry out any transaction in connection with (i) or (ii) above. Notwithstanding anything to the contrary, the Founders shall not lose their Control of the Company unless and until the Company has completed its IPO or 100% Equity Securities of the Company have been acquired by or merged into a third party.

(b) Subject to the applicable Laws and other provisions in this Agreement (such as Section 9.1(c) hereof), each Investor may freely transfer, pledge or otherwise dispose of all or any part of the Equity Securities held by it in the Company to any of its Affiliates or third parties by giving at least 30 days' prior written notice to other Parties, without being subject to any prior consent or right of first refusal of other Members (including other Investors). If the consent rights of other Members or their rights of first refusal are mandatory and not permitted to be waived in advance for such Transfer as required by applicable Laws, such Members shall unconditionally execute written legal instruments to waive their rights of consent and rights of first refusal, and agree to actively cooperate in such Transfer. Simultaneously with such Transfer, such Investor may elect to assign all or part of its rights, preferences and privileges under this Agreement or other Transaction Agreements to the corresponding transferee.

(c) Without prejudice to any other provisions in this Agreement, no Transfer shall be effected unless: (i) the transferee agrees in writing to be bound by this Agreement and the Memorandum and Articles of Association; and (ii) such Transfer complies with the applicable terms and conditions of this Agreement and the Memorandum and Articles of Association in all respects. Unless otherwise agreed by the Parties in writing, any Transfer in contravention of the foregoing shall be null and void *ab initio*.

(d) With respect to any Transfer permitted by this Section 9.1, the transferor and transferee shall execute a share purchase agreement, and the transferee shall execute a deed of adherence substantially in the form attached hereto as Exhibit A ("**Deed of Adherence**"). Each Party shall execute necessary instruments and procure the Director designated by it to vote in favor of such Transfer. The Parties shall: (i) procure the Company to update its register of members to reflect the change resulting from such Transfer; and (iii) use best efforts to assist with the Company in the aforementioned formalities.

(e) The restrictions in this Section 9.1 shall not apply to (1) any transfer pursuant to ESOP Plan duly adopted pursuant to Section 7.2, (2) the transfer of Transfer Shares to any ROFR Holder by exercising its Right of First Refusal pursuant to Section 5.1, and (3) the sale of any Ordinary Shares (i) in a Public Offering, or (ii) pursuant to a Deemed Liquidation Event or (iii) upon the consummation of a Share Sale. The restrictions in this Section 9.1 shall terminate and be of no further force or effect upon the earlier to occur of: (i) the consummation of a Qualified IPO; or (ii) a Deemed Liquidation Event whereby all the Investors have fully exercised their liquidation right and been fully paid all the distributions pursuant to the Memorandum and Articles of Association.

9.2 Non-Competition Obligations and Full-time Commitment.

(a) Each Founder undertakes to each of the Investors that during the period of his/her employment or service with any of the Group Companies or holding any Equity Securities of any Group Company (the "**Relevant Period**"), and for a period of two (2) years after the expiry of the Relevant Period, he or she or his/her relatives shall not, on his/her own account or acting as an agent, by itself or in cooperation with a third party, directly or indirectly (including without limitation through any of his or her related companies, partnership, related parties or other contractual arrangement):

(i) be engaged in, whether as director, senior officer or otherwise, any company, enterprise, entity or Person that is engaged in or plans to carry out the Principal Business or any other business same as, similar to or in competition with the business of the Group Companies, or that is within the same or similar business domain of the Group Companies, or that is otherwise directly or indirectly in competition with the Group Companies (collectively, the "**Company Competitors**", and each, a "**Company Competitor**");

(ii) make investment in, whether as a proprietor, shareholder, actual controller, creditor or otherwise, a Company Competitor or establish a Company Competitor;

(iii) either on his or her own account or for any of his or her Affiliates or for any Company Competitor or other Persons, solicit or entice away from any Group Company, any employee of the Group Companies;

(iv) have business relationship with any Company Competitor (including but not limited to becoming an agent, supplier or distributor of such Company Competitor);

(v) provide advice or opinions for any Company Competitor;

(vi) enter into any agreement, make any promise or take any other action, which would or may restrict or jeopardize the business of the Group Companies;

(vii) either on his or her own account or for any of his or her Affiliates or for any Company Competitor or for any other Person's interest, solicit business from any existing client, agent, supplier and/or independent contractor of any Group Company, or entice away such client, agent, supplier and/or independent contractor to terminate its cooperation with the Group Companies; and

(viii) conduct any other action in competition with the Group Companies.

(b) The Founders shall procure the Key Employees and any entity Controlled by the Founders or the Key Employees to abide by the non-compete obligations provided in Section 9.2 (a) within their respective non-compete period and indemnify and hold harmless the Group Companies from any losses incurred due to any violation thereof.

(c) Unless otherwise agreed by the Parties, until the first (1st) anniversary of the date of the completion of the Qualified IPO, each of the Founders shall devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business of and to protect the interests of the Group Companies, and shall not engage in or participate in any other business that substantially occupies his working time, whether or not such business competes with the business of any Group Company.

9.3 Qualified IPO.

(a) The Members agree that the Company 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, such IPO shall (i) 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 Company's share as set forth in the final prospectus is over RMB2.6 billion (i.e. the said market value of the Company = offering price × number of outstanding shares of the Company immediate after the offering, both information as set forth in the final prospectus); and (iv) such IPO has been approved by all Investors (such IPO, a "**Qualified IPO**").

(b) Each Investor agrees, if so required by the managing underwriter(s), that it will enter into a lock-up agreement with the managing underwriter(s) for the Company's Qualified IPO containing terms and conditions customary for such agreements, which may include a lock-up period of 180 days or longer as required by the managing underwriter(s); *provided* that any lock-up period longer than 180 days shall be subject to the approval of such Investor. For the avoidance of doubt, the Shares restricted by any lock-up period shall be deemed to be registrable and transferable for the purpose of Section 9.3(a).

(c) The Founders and Founder Entities shall use best efforts to, and other Parties shall cooperate with the Founders and Founder Entities (including but not limited to revising or amending this Agreement or any arrangement herein) to, comply with applicable Laws promulgated by the relevant stock exchange so that the Company could consummate a Qualified IPO prior to September 30, 2024. Notwithstanding the forgoing, if any right of the Investor is in contravention of the applicable listing rules, such right shall be terminated upon the date required by applicable listing rules (unless otherwise provided herein); *provided* that (i) such right shall automatically revive upon the withdrawal or rejection of the IPO application for any reason as if such right has never been terminated or waived; and (ii) such termination shall be subject to the prior consent of an Investor if it will have a material adverse effect on such Investor, *provided* that such Investor shall not withhold the consent if such revision or amendment does not change the commercial terms or intentions of the Parties under this Agreement and is mandatorily required by the applicable listing rules (which has been proved by sufficient evidence provided by the Company).

(d) If a Qualified IPO does not occur on or prior to September 30, 2024 and for so long any Investor still holds some Shares in the Company at that time, such Investor shall have the right but not the obligation to: (i) demand an IPO of the Company; and (ii) lead and carry out the IPO process together with other shareholders of the Company.

(e) All fees and expenses incurred in connection with the Qualified IPO, including but not limited to fees and expenses for underwriting and offering, shall be borne by the Company. All commissions in connection with the sale of Shares of the Company shall be borne by relevant Members.

9.4 Follow-on Investment. In the event that any Investor fails to fully obtain its preferential amounts in accordance with Article 13.1 of the Memorandum of Articles of Association in any Liquidation Event or Deemed Liquidation Event, the Founders shall disclose to such Investor the relevant information of any new project engaged by them within five (5) years following the occurrence date of such Liquidation Event or Deemed Liquidation Event, during the first financing of such new project. Such Investor(s) shall have the right to, in preference to any other party (including any other Member but other than such Investor(s)) to invest in such new project, and the Founders shall procure such Investor(s) to be able to exercise such right. The provisions in this Section 9.4 shall terminate and be of no further force or effect upon the consummation of a Qualified IPO.

9.5 New Shareholders. Subject to Section 4, Section 5 and Section 7 hereof, the Parties hereby agree that any new shareholder who is not a party to this Agreement may join this Agreement and become a party to this Agreement by executing and delivering to the Company a Deed of Adherence substantially in the form attached hereto as Exhibit A, without any amendment to this Agreement, so as to be bound by and subject to the terms of this Agreement applicable to the holder of the same class of shares that such new shareholder subscribes for.

10. CONFIDENTIALITY AND NON-DISCLOSURE.

10.1 Confidential Information. The existence and content of this Agreement and Transaction Agreements and the negotiation thereof, and any oral or written materials exchanged for the purpose of negotiation, preparation or performance of this Agreement and Transaction Agreements, any trade secret or technology obtained from any Party during the term of this Agreement (collectively, the "**Confidential Information**") shall be considered confidential information and shall not be disclosed by any Party to any third party except in accordance with the provisions set forth below. For the avoidance of doubt, Confidential Information does not include information that (i) was already in the possession of the receiving Party before such disclosure by the disclosing Party, (ii) is or becomes available to the public other than as a result of disclosure by the receiving Party in violation of this Section 10, or (iii) is or becomes available to the receiving Party from a third party who has no confidentiality obligations to the disclosing Party. The Confidential Information shall not be disclosed by any Party to any third party except in accordance with the provisions set forth below.

10.2 Permitted Disclosures. Any Party may disclose Confidential Information or permit the disclosure of Confidential Information (a) to the extent required by applicable Laws or the rules of any stock exchange; *provided* that such Party shall, where practicable and to the extent permitted by applicable Laws, provide the other Parties with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other Parties) a protective order, confidential treatment or other appropriate remedy; and in such event, such Party shall furnish only that portion of the information which is legally required to be disclosed and shall exercise reasonable efforts to keep such information confidential to the extent reasonably requested by any such other Parties, (b) to its officers, directors, employees, and professional advisors on a need-to-know basis for the performance of its obligations in connection herewith in each case only where such Persons are under appropriate nondisclosure obligations, (c) to its auditors, counsel, directors, officers, employees, fund manager, shareholders, partners or investors in each case only where such Persons are under appropriate nondisclosure obligations, and (d) to its current or *bona fide* prospective investors, investment bankers and any Person otherwise providing substantial debt or equity financing to such Party in each case only where such Persons are under appropriate nondisclosure obligations, *provided further* that such Party shall provide the other Parties with prompt written notice of that fact.

10.3 Press Release. Without the prior written consent of other Parties, no Party may make any press release or public announcement in respect of this Agreement or the business of the Group Companies, or publish any news or announcement on behalf another Party, whether orally or in writing, and whether explicitly or tacitly. Each Party shall procure, that without the prior written consent of other Parties, the Company shall not make any press release or public announcement in respect of this Agreement or the Company. The Company shall in no circumstances make any press release or public announcement or make any press release or public announcement on behalf any other Party (the "**Subject Party**") without the prior written consent of such Subject Party.

10.4 Legally Compelled Press Release. In the event that any Party or its Affiliates or the Company becomes legally compelled to make any press release or announcement, Section 10.4 shall not apply; *provided* that, to the maximum extent applicable, such Party or the Company shall deliver at least ten (10) days' prior written notices to the other Parties which shall describe the press release, filing, announcement or notice and include a copy thereof, such that other Parties may make comments or provide advice thereon, which advice shall be taken into consideration in good faith.

11. ADDITIONAL COVENANTS.

11.1 Audit. The accounting firm designated in accordance with Section 7.2 by the Board shall act as the auditor of the Company which shall be responsible for the examination and inspection of the financial and accounting information of the Company.

11.2 Related Party Transactions. Any transaction of the Group Companies with any related party shall be conducted on an arm's length basis or on conditions more favorable to the Group Companies.

11.3 Charter Documents. The Company and the Members each agrees to comply with and abide by the provisions of the Memorandum and Articles of Association. The Company shall not, and no Member shall cause or authorize the Company to, take any action in contravention of the Memorandum and Articles of Association or avoid or seek to avoid the observance or performance of any of the terms of the Memorandum and Articles of Association. Each Member agrees to in good faith assist in the carrying out of the terms of the Memorandum and Articles of Association and in the taking of all such action as may be reasonably necessary or appropriate in order to protect the rights of the Members of the Company set forth in the Memorandum and Articles of Association against wrongful impairment.

11.4 Stock Option Plan.

(a) The Parties agree that all shares, options, other securities or other awards ("**ESOP Shares**") under the ESOP shall be granted to the employees, directors, consultants or the management of the Group Companies for incentive purposes.

(b) Each Party acknowledges that the Company has reserved 150,000,000 Ordinary Shares (the "**Existing ESOP Shares**") for incentive purposes. Each Party agrees that, the Company may from time to time issue part or all of the Existing ESOP Shares to employees, directors, consultants or the management of the Group Companies, their holding vehicles, or any other companies, partnerships, trusts or other entities the Company may designate or recognize to act as holding vehicles which holds part or all of the Existing ESOP Shares for incentive purposes (collectively, the "**ESOP Shareholders**"), *provided that*, each of ESOP Shareholders shall execute a Deed of Adherence substantially in the form attached hereto as Exhibit A. Subject to the determination by the Administrator (as defined in the relevant ESOP) authorized by the Board of the following, (i) the participants to whom an award corresponding to the Existing ESOP Shares may be granted, (ii) the vesting schedule of the awards corresponding to the Existing ESOP Shares; and (iii) the aggregate number of awards corresponding to the Existing ESOP Shares may be granted in each batch, (x) each of the Investors shall, and shall procure its designated director (if any) to, vote in favor of the issuance of Existing ESOP Shares to ESOP Shareholders, and execute necessary instruments; and (y) notwithstanding anything to the contrary in the Transaction Agreements (including but limited to Section 7.2 hereof), each of the Investors agrees to waive any pre-emptive rights, rights of first refusal, rights of consent, anti-dilution rights and/or veto rights in connection therewith.

(c) Each Party agrees that the Company may at its sole discretion reserve up to 890,397,900 Ordinary Shares (the "**Additional ESOP Shares**") after the completion of the Restructuring as defined in the Restructuring Agreement, representing 3/7 (three-seventh) of the total Ordinary Shares (on a fully-diluted and as-converted basis) of the Company immediately after the SWSA Closing (assuming all the SWSA Closings have occurred) in addition to the Existing ESOP Shares, for the purpose of expanding the ESOP (the "**ESOP Expansion**"), *provided* that the effectiveness of such reservation shall follow the time schedule set forth blow: (i) upon the earliest closing of a next round equity financing (including any convertible bond financing, the closing date of which shall be the date of first conversion from bond to equity securities (for the avoidance of doubts, not including the Series B+ Warrants) rather than the bond payment date) of the Company subsequent to the SWSA Closing Date with a pre-money valuation no less than RMB900 million, the reservation of half of the aggregate number of Additional ESOP Shares (the "**First Tranche Additional ESOP Shares**") shall automatically take effect; (ii) upon the consummation of an IPO, the reservation of the Additional ESOP Shares which have not yet taken effect shall automatically take effect, *provided* that the market value of the Company being calculated in accordance with the offering price of each Company's share as set forth in the final prospectus is over RMB2.6 billion (i.e. the said market value of the Company = offering price × number of outstanding shares of the Company immediate after the offering, both information as set forth in the final prospectus). Each of the Investors shall, and shall procure its designated director (if any) to, vote in favor of the ESOP Expansion, and execute necessary instruments. Notwithstanding anything to the contrary in the Transaction Agreements (including but limited to Section 7.2 hereof), each of the Investors agrees to waive any pre-emptive rights, rights of first refusal, rights of consent, anti-dilution rights and/or veto rights in connection therewith.

(d) If the Company intends to increase the number of ESOP Shares under the ESOP (for the avoidance of doubts, excluding the ESOP Expansion as provided in Section 11.4(c)), it shall obtain the approval of all Investors prior to the approval of the Board.

11.5 Most Favored Nation.

(a) Unless otherwise provided in the Transaction Agreements, if the Company has granted to any Member any shareholder's rights or privileges (excluding the rights or privileges given to such Members solely with respect to their future investment in the Company) upon terms and conditions more favorable than those granted to any Series B+ Investor under the Transaction Agreements, such rights and privileges shall be automatically granted to such other Series B+ Investor on an equivalent basis, and the Parties shall execute relevant documents to confirm the grant of such shareholders' rights upon the request of such Series B+ Investor.

(b) Unless otherwise provided in the Transaction Agreements, if the Company has granted to any Member (other than the Series B+ Investors and the Series B Investors) any shareholder's rights or privileges (excluding the rights or privileges given to such Members solely with respect to their future investment in the Company) upon terms and conditions more favorable than those granted to any Series B Investor under the Transaction Agreements, such rights and privileges shall be automatically granted to such other Series B Investor on an equivalent basis, and the Parties shall execute relevant documents to confirm the grant of such shareholders' rights upon the request of such Series B Investor.

11.6 Look-through Principles. Subject to the terms of this Section 11.6, the Parties acknowledge and agree in calculating, determining, performing and enforcing any right, entitlement and obligation of a holder of the Company's Equity Securities under the Transaction Agreements, unless otherwise provided in the Transaction Agreements, each Warrant Holder (a) shall be treated as if it has fully exercised its Warrant(s) in accordance with the terms and conditions in its Warrant(s), and (b) shall be entitled to the same rights and subject to the same obligations of, and shall rank pari passu with the holders of the same series of Preference Shares issuable under such Warrant as provided in the Transaction Agreements (for the avoidance of doubts, no Warrant Holder shall be entitled to or subject to any right, entitlement and/or obligation arising from or attached to Preference Shares issuable under its Warrant(s) if, under the Transaction Agreements, such Warrant Holder shall be entitled to or subject to such right, entitlement and/or obligation only after its exercise of its Warrant(s)). For the avoidance of doubt, the Warrant Holder shall be treated on a pari passu basis as the holders of Preference Shares and shall not receive any of its interest and benefits as provided in the Transaction Agreements at such time or prior to or later than, and in such manner more or less favorable than, holders of Preference Shares. For the avoidance of doubt, with respect to 58 Warrant II, during the period from the issue date of 58 Warrant II to the date such 58 Warrant II has been fully exercised or terminated and for so long as the principal amount of the convertible loan corresponding to 58 Warrant II is outstanding, 58 shall be deemed as the holder of Series B+ Preference Shares as if 58 exercised the 58 Warrant II to purchase the Series B+ Preference Shares.

11.7 No Duplication of Rights. The Parties acknowledge and agree that each Warrant Holder shall be deemed as, as the case may be, the holders of the corresponding number of Preference Shares issuable upon conversion of the Warrant(s) held by it, on an as-converted and fully-diluted basis (as if such Warrant Holder has fully exercised its Warrant(s)) when calculating, determining and performing their respective entitlement to any rights, interests and/or any obligations arising from or attached to such Preference Shares for the purpose of the Transaction Agreements (for the avoidance of doubts, not including any rights, interests and/or obligations arising from or attached to such Preference Shares such Warrant Holder will be entitled to or subject to only after its exercise of its Warrant(s)), *provided*, however, that, in no event shall such Warrant Holder be entitled to any duplication of rights or interests in the Group Companies taken as a whole (including without limitation any economic, voting, governance or other shareholder rights).

12. EFFECTIVENESS AND TERMINATION.

12.1 This Agreement shall be effective to all Parties on the Closing Date (as defined in the WSA) and shall continue in force until the earlier to occur of (i) the date upon which all the Investors cease to hold any Equity Securities in the Company and (ii) any date agreed upon in writing by all the Parties. This Agreement shall terminate as between any Member and the other Parties at any time when such Member ceases to hold any Equity Securities in the Company following (x) a Transfer in compliance with the provisions of this Agreement and/or (y) the termination of all of its Warrant(s) pursuant the provisions of such Warrant(s).

13. INCORPORATION BY REFERENCE

13.1 Incorporation. Articles 113 through Article 120 (Dividends), Article 13.1 (Liquidation Rights), Article 13.2 (Conversion) and Article 13.4 (Repurchase Right) of the Memorandum and Articles of Association shall be incorporated by reference into this Agreement and shall to the maximum extent applicable, be enforceable as between the Company and the Members (including the Warrant Holders) and among the Members (including the Warrant Holders) themselves (but not by other parties to this Agreement) as if such provisions were part of this Agreement.

13.2 Impact of Amendment. Notwithstanding anything to the contrary in this Agreement, (i) any amendment or waiver of any of the foregoing provisions of the Memorandum and Articles of Association shall only be effected in accordance with the terms of the Memorandum and Articles of Association and applicable Law without regard to any terms of this Agreement (including without limitation the amendment or waiver provisions of this Agreement), (ii) no amendment or waiver of any provision of the Memorandum and Articles of Association shall result in an amendment or waiver of any provision of this Agreement (except that in the case of an amendment or waiver of any of the foregoing provisions of the Memorandum and Articles of Association, such provisions (as amended or waived) shall automatically be incorporated by reference herein as so amended or waived without the necessity of any further action or approval of the parties to this Agreement) and (iii) no amendment or waiver of any provision of this Agreement (including without limitation this Section 13) shall be deemed to effect an amendment or waiver of any provision of the Memorandum and Articles of Association.

14. MISCELLANEOUS.

14.1 Governing Law. Unless stated otherwise, this Agreement, and any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation, including any non-contractual disputes or claims, will be exclusively governed by and construed in accordance with the laws of Hong Kong, excluding conflict of law rules.

14.2 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments.

14.3 No Third Party Beneficiaries; No Partnership. Any Person who is not a party to this Agreement shall not have any right under this Agreement, nor shall any such person be entitled to enforce any provision of this Agreement, in each case whether by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) or otherwise. Nothing in this Agreement shall be deemed to constitute a partnership among any of the Parties hereto.

14.4 Amendment and Waivers. This Agreement or any term hereof may be amended, modified or terminated only with the written consent of all Members. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

14.5 Entire Agreement. This Agreement, the Memorandum and Articles of Association, the other Transaction Agreements and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and supersede any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the Parties respecting the subject matter hereof (including the Prior IRA and the Domestic Transaction Documents); *provided, however,* that nothing in this Agreement or related agreements 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. In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of the Constitutional Documents or any Domestic SPA, the terms of this Agreement shall prevail in all respects as regards the Parties, the Parties shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Constitutional Documents, and the Parties hereto shall exercise all voting and other rights and powers (including to procure any required alteration to the Constitutional Documents to resolve such conflict or inconsistency) to make the provisions of this Agreement effective.

14.6 Termination of Domestic Transaction Document. For the avoidance of doubt, the Domestic Transaction Documents of the Beijing Entity shall be terminated in accordance with the terms and conditions thereof, including without limitation that, (i) as of the date hereof, with respect to all original shareholders of the Beijing Entity (excluding XCHARGE HK LIMITED) before the capital reduction of the Beijing Entity dated June 30, 2023, the Domestic Transaction Documents shall have been terminated; and (ii) upon the Closing, the Domestic Transaction Documents shall be terminated with respect to 58, Shell and XCHARGE HK LIMITED, and the Domestic Transaction Documents shall be of no further force or effect.

14.7 Notices. Except as may be otherwise provided herein, all notices and other communications given, delivered or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered or made upon the earliest of actual receipt of: (a) personal delivery to the party to be notified, (b) when sent, if sent by email or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, or (c) one (1) Business Day after deposit with an internationally-recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses, facsimile numbers or emails as set forth in Schedule E. If no facsimile number or email is listed for a party, notices and communications given, delivered or made by facsimile or email, as the case may be, shall not be deemed effectively given, delivered or made to such party. If a notice or other communication is sent via an approach other than email, a copy of such notice shall be sent via email to the recipient.

A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 14.7, by giving the other party written notice of the new address in the manner set forth above.

14.8 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party upon any breach or default of any other party hereto under this Agreement, shall impair any such right, power or remedy of the aggrieved party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by Law or otherwise afforded to the parties shall be cumulative and not alternative.

14.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise provided in the Transaction Agreements, if the conversion to USD of any amount expressed in another currency is necessary for any payment to be made under this Agreement (or any other purposes as specified hereunder), such conversion shall be conducted at, in the case of a conversion from RMB to USD or from USD to RMB, the RMB : USD middle exchange rate published by China Foreign Exchange Trade System under the authorization of the People's Bank of China.

14.10 Counterparts; Facsimile. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

14.11 Severability. Should any provision of this Agreement be determined to be illegal or unenforceable, such determination shall not affect the remaining provisions of this Agreement.

14.12 Adjustment for Recapitalization. Whenever in this Agreement there is a reference to a specific number or percentage of the Preference Shares or the Warrant Shares, then, upon the occurrence of any Recapitalization, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the issued and outstanding shares of such class or series of shares by such Recapitalization.

14.13 Pronouns. All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the Person or Persons may require.

14.14 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 14.14 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 14.14.

[Signature Pages Follow]

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
XCHG Limited)
)
)

By: /s/ Yifei Hou
Name: Yifei Hou)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Xcar Limited)
)
)

By: /s/ Yifei Hou

Name: Yifei Hou)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Ran Li

Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
XCHARGE HK LIMITED)
)
)

By: /s/ Yifei Hou
Name: Yifei Hou)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY	**)**
	)
Beijing X-Charge Technology Co., Ltd.	**)**
(北京智充科技有限公司) (Seal)	**)**
	)
	)
By: /s/ Rui Ding	
Name: Rui Ding	)
Title: Executive Director	)
	)
	)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Zhen Partners Fund IV L.P.)
)
)

By: /s/ Xiao Ping Xu
Name: Xiao Ping Xu)
Title: Authorized Signatory)
)
)

in the presence of:

Witness signature: /s/ Tong Siyu
Witness name: Tong Siyu

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
GGV (Xcharge) Limited)
)
)

By: /s/ LEE Hong Wei, Jenny
Name: LEE Hong Wei, Jenny)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Peishi Lok
Witness name: Peishi Lok

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Shanghai Dingbei Enterprise Management Consulting)
L.P.)
(上海鼎北企业管理咨询合伙企业(有限合伙)) (Seal))
)
)

By: /s/ YIN Junping
Name: YIN Junping)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Xu Jing
Witness name: Xu Jing

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Shanghai Dingpai Enterprise Management Consulting)
L.P.)
(上海鼎湃企业管理咨询合伙企业(有限合伙)) (Seal))
)
)

By: /s/ YIN Junping
Name: YIN Junping)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Xu Jing
Witness name: Xu Jing

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Shanghai Yuanyan Enterprise Management Consulting)
L.P.)
(上海源彦企业管理咨询合伙企业(有限合伙)) (Seal))
)
)

By: /s/ Bingdong Xu
Name: Bingdong Xu)
)
)
)

in the presence of:

Witness signature: /s/ Blair
Witness name: Blair

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Beijing Foreign Economic and Trade Development)
Guidance Fund L.P.)
(北京外经贸发展引导基金(有限合伙)) (Seal))
)
)

By: /s/ Fei Wang
Name: Fei Wang)
Title: Authorized Signatory)
)
)

in the presence of:

Witness signature: /s/ Zijing Xia
Witness name: Zijing Xia

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Shell Ventures Company Limited)
(壳牌资本有限公司) (Seal))
)
)

By: /s/ Qi Ren
Name: Qi Ren)
Title: Legal Representative)
)
)

in the presence of:

Witness signature: /s/ Li Bo
Witness name: Li Bo

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY	**)**
	)
Chengdu Peikun Jingrong Venture Capital Partnership	**)**
L.P.	**)**
(成都沛坤菁蓉创业投资合伙企业(有限合伙)) (Seal)	**)**
	)
	)
By: /s/ Tao Zhang	
Name: Tao Zhang	)
Title: Authorized Signatory	)
	)
	)

in the presence of:

Witness signature: /s/ Yudong Huo
Witness name: Yudong Huo

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Chengdu Peikun Songfu Technology Partnership L.P.)
(成都沛坤宋富科技合伙企业(有限合伙)) (Seal))
)
)

By: /s/ Tao Zhang
Name: Tao Zhang)
Title: Authorized Signatory)
)
)

in the presence of:

Witness signature: /s/ Yudong Huo
Witness name: Yudong Huo

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY

Beijing China-US Green Investment Center L.P.
(北京中美绿色投资中心(有限合伙)) (Seal)

By: /s/ Bo Bai
Name: Bo Bai
Title: Authorized Signatory

in the presence of:

Witness signature: /s/ Jiesheng Yang
Witness name: Jiesheng Yang

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY	**)**
	)
Foshan Hegao Zhixing XIV Equity Investment Center	**)**
L.P.	**)**
(佛山市和高智行十四号股权投资中心(有限合伙)) (Seal)	**)**
	)
	)
By: /s/ Wenchao Huang	
Name: Wenchao Huang	)
Title: Founding Partner	)
	)
	)

in the presence of:

Witness signature: /s/ Xitong Pan
Witness name: Xitong Pan

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Wuxi Shenqi Leye Private Equity Funds Partnership)
L.P.)
(无锡神骐乐业私募基金合伙企业(有限合伙)) (Seal)))
)
)

By: /s/ Lihua Fu
Name: Lihua Fu)
Title: Appointed Representative of Executive Partner)
)
)

in the presence of:

Witness signature: /s/ Ran Bi
Witness name: Ran Bi

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Mobility Innovation Fund, LLC)
)
)

By: /s/ Wenhua Huang
Name: Wenhua Huang)
Title: Managing Partner)
)
)

in the presence of:

Witness signature: /s/ Xiaohua He
Witness name: Xiaohua He

By: /s/ Pin Ni
Name: Pin Ni)
Title: Managing Partner)
)
)

in the presence of:

Witness signature: /s/ Xiaohua He
Witness name: Xiaohua He

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Yifei Hou (侯亦飞))
)
)

By: /s/ Yifei Hou)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Future EV Limited)
)
)

By: /s/ Yifei Hou
Name: Yifei Hou)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Rui Ding (丁锐))
)
)

By: /s/ Rui Ding)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF this Amended and Restated Investors' Rights Agreement has been executed on the day and year first above written.

EXECUTED AND DELIVERED AS A DEED BY)
)
Next EV Limited)
)
)

By: /s/ Rui Ding
Name: Rui Ding)
Title: Director)
)
)

in the presence of:

Witness signature: /s/ Ran Li
Witness name: Ran Li

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

Schedule A

Definitions

"**Accounting Standards**" shall mean the U.S GAAP, or the generally accepted accounting principles of the relevant jurisdiction of a Group Company, applied on a consistent basis.

"**Additional ESOP Shares**" has the meaning given to that term in Section 11.4(c) of this Agreement.

"**Affiliate**" shall mean, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and (a) in the case of a natural Person, shall include, without limitation, such Person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of an Investor, shall include any Person who holds shares as a nominee for such Investor, and (c) in respect of an Investor, shall also include (i) any shareholder of such Investor, (ii) any entity or individual which has a direct and indirect interest in such Investor (including, if applicable, any general partner or limited partner) or any fund manager thereof, (iii) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed by such Investor or its fund manager, (iv) the relatives of any individual referred to in (ii) above, and (v) any trust Controlled by or held for the benefit of such individuals. For the avoidance of doubt, no Investor shall be deemed to be an Affiliate of any Group Company.

"**Agreement**" has the meaning given to that term in the introductory paragraph of this Agreement.

"**Approved Budget**" has the meaning given to that term in Section 7.2(j) of this Agreement.

"**as-converted**" shall mean as-converted to Ordinary Shares.

"**Beijing Entity**" has the meaning given to that term in Schedule D to this Agreement.

"**Board**" shall mean the board of directors of the Company.

"**Business Day**" shall mean a day (other than a Saturday or Sunday) on which banks are open for business in the PRC, in the United States of America, in the Cayman Islands and in Hong Kong.

"**CFO**" has the meaning given to that term in Section 2.1(c) of this Agreement.

"**China-US Green**" has the meaning given to that term in Schedule B to this Agreement.

"**China-US Green Observer**" has the meaning given to that term in Section 6.2 of this Agreement.

"**Closing**" has the meaning given to that term in the WSA.

“**Co-Sale Shares**” has the meaning given to that term in Section 5.2(a) of this Agreement.

“**Company**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Company Competitor(s)**” has the meaning given to that term in Section 9.2(a)(i).

“**Confidential Information**” has the meaning given to that term in Section 10.1 of this Agreement.

“**Constitutional Documents**” shall mean the constitutional documents of the respective Group Company which may include, as applicable, business license, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Control**”, with respect to any party, shall have the meaning given to that term in Rule 405 under the Securities Act, and shall be deemed to exist for any party (a) when such party holds at least twenty percent (20%) of the outstanding voting securities of such third party and no other party owns a greater number of outstanding voting securities of such third party, or (b) over other members of such party’s Immediate Family Members, or (c) when such party possesses the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, or (d) such party possesses the beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person, or power to control the composition of the board of directors or similar governing body of such Person. The terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Conversion Shares**” shall mean Ordinary Shares issuable or issued upon conversion of Preference Shares.

“**Deed of Adherence**” has the meaning given to that term in Section 9.1(d) of this Agreement.

“**Deemed Liquidation Event**” shall mean (a) any merger, amalgamation, consolidation, share acquisition, or other transactions or a series of related transactions, after which the holders of the shares of the Company immediately prior to such transaction do not retain at least a majority of voting power of the Company or the surviving or acquiring Person in such transaction; (b) any sale of all or substantially all the assets of the Group Companies taken as a whole; or (c) exclusive licensing of all or substantially all of the intellectual properties of the Group Companies taken as a whole.

“**Derivative Securities**” shall mean any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Ordinary Shares, including options and warrants.

“**Director**” shall mean a member of the Board.

“**Domestic SPA**” shall mean any written or oral agreement, arrangement or understanding between the Beijing Entity and any Investor or its Affiliate which provides for such Investor’s or its Affiliate’s subscription or purchase of any registered capital of the Beijing Entity.

“**Domestic Transaction Documents**” shall mean the Shareholders’ and Convertible Loan Investors’ Rights Agreement (股东及可转债投资人权利协议) entered into by and among Beijing Entity, the Founders, 58, Shell and certain other parties on June 20, 2023 and its amendment or restatement from time to time and any other written or oral agreement, arrangement or understanding under which any Investor is granted rights or privileges relating to the Beijing Entity.

“**Drag-Along Sale**” has the meaning given to that term in Section 8.1 of this Agreement.

“**Eastern Bell Observer**” has the meaning given to that term in Section 6.2 of this Agreement.

“**Equity Securities**” shall mean, with respect to a Person eligible to issue Equity Securities under the jurisdiction where it is incorporated, any shares, share capital, registered capital, ownership interest, equity interest, or other securities of such Person, and any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plans or similar rights with respect to such Person, or any contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly. For the avoidance of doubt, “Equity Securities” shall include each Warrant held by any Warrant Holder, whether such Warrant has been exercised or not.

“**ESOP**” shall mean the employee share incentive plan of the Company taking effect on or prior to the Closing, or any other similar plan to be approved by the Board in accordance with Section 7.2 hereof (including the expansion of number of ESOP Shares to be approved by all Investors in accordance with Section 11.4 hereof).

“**ESOP Expansion**” has the meaning given to that term in Section 11.4(c) of this Agreement.

“**ESOP Shareholders**” has the meaning given to that term in Section 11.4(b) of this Agreement.

“**Exempted Securities**” shall mean (i) any Ordinary Shares or other Equity Securities issued pursuant to the ESOP duly adopted by the Board in accordance with Section 7 of this Agreement; (ii) any Equity Securities issued in connection with any share split, share dividend or other similar event in which all holders of Equity Securities of the Company are entitled to participate on a pro rata basis; or (iii) any Equity Securities of the Company issued pursuant to the bona fide acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or more than fifty percent (50%) of the voting power of such other corporation or entity, *provided that* such transaction has been duly approved by all Directors.

“**Existing ESOP Shares**” has the meaning given to that term in Section 11.4(b) of this Agreement.

“**Existing Warrants**” has the meaning given to the “Warrants” in the SWSA.

“**Existing Warrant Holders**” has the meaning given to the “Warrant Holders” as defined in the SWSA.

“**Existing Warrant Shares**” has the meaning given to the “Warrant Shares” as defined in the SWSA.

“**FET**” has the meaning given to that term in Schedule B to this Agreement.

“**FET Director**” has the meaning given to that term in Section 6.1(a) of this Agreement.

“**First Tranche Additional ESOP Shares**” has the meaning given to that term in Section 11.4(c) of this Agreement.

“**Founder**” and “**Founder Entity**” have the meaning given to that term in introductory paragraph of this Agreement.

“**Founder Parties**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Fully Exercising Investor**” has the meaning given to that term in Section 4.4 of this Agreement.

“**Fully Exercising ROFR Holder**” has the meaning given to that term in Section 5.1(d) of this Agreement.

“**fully-diluted**” shall mean that the calculation is to be made assuming that all outstanding options, warrants (including the Warrants) and other Equity Securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible), have been so converted, exercised or exchanged; for the avoidance of doubt, before the effectiveness of reservation of any Additional ESOP Shares, such Additional ESOP Shares shall not be counted when using fully-diluted basis to calculate shares of the Company.

“**Future Issuance**” has the meaning given to that term in Section 4.1 of this Agreement.

“**GGV**” has the meaning given to that term in Schedule B to this Agreement.

“**GGV Director**” has the meaning given to that term in Section 6.1(c) of this Agreement.

“**GM**” has the meaning given to that term in Section 6.8 of this Agreement.

“**Governmental Authority**” shall mean (i) any nation, government, federation, province or state or any other political subdivision thereof, or any national, provincial, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any Governmental Authority, agency, department, board, commission or instrumentality of the PRC, the Cayman Islands, Hong Kong or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization, (ii) any public international organization, (iii) any agency, division, bureau, department or other sector of any government, entity or organization described in the foregoing (i) or (ii) of this definition, or (iv) any state-owned or state-controlled enterprise or other entity owned or controlled by any government, entity or organization described in (i), (ii) or (iii) of this definition.

“**Governmental Order**” shall mean any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“**Group Companies**” shall mean the Company and any direct or indirect Subsidiary of the Company or any other Group Company, each of such Group Companies being referred to as a “**Group Company**.”

“**HKIAC**” has the meaning given to that term in Section 14.14 of this Agreement

“**Hong Kong**” shall mean the Hong Kong Special Administrative Region of the PRC.

“**IFRS**” shall mean the applicable International Financial Reporting Standards as published by the International Accounting Standards Board from time to time.

“**Immediate Family Member**” shall mean a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

“**Interim Board Meeting**” has the meaning given to that term in Section 6.5 of this Agreement.

“**Investor**” and “**Investors**” have the meanings given to those terms in introductory paragraph of this Agreement.

“**IPO**” shall mean an initial public offering and listing of the Ordinary Shares of the Company (or securities representing such Ordinary Shares) on a securities exchange as determined by the Board.

“**Key Employees**” shall mean Rui Ding (丁锐), Yifei Hou (侯亦飞), Yu Sun (孙煜), Xinfu Feng (丰新福), Xiaoling Song (宋晓玲) and Zijian Peng (彭子健).

“**Law**” or “**Laws**” shall mean any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any Governmental Order.

“**Lead Investors**” shall mean collectively FET, Shell, GGV, Zhen Partners and 58 (with respect to each of them, for so long as it holds any Equity Security of the Company); a “**Lead Investors**” shall mean each of the Lead Investors.

“**Liquidation Event**” shall mean any voluntary or involuntary liquidation, dissolution or winding up of the Company.

“**Majority Investors**” shall mean the Member(s) of the Company collectively holding more than fifty percent (50%) of the issued and outstanding Series A Preference Shares, Series A+ Preference Shares, Series B Preference Shares, and Series B+ Preference Shares, voting together as a separate class on an as-if converted basis (as if each Warrant Holder had fully exercised its Warrant(s)).

“**Majority Lead Investors**” shall mean the simple majority of the Lead Investors (for the avoidance of doubts, if there are five (5) Lead Investors, the Majority Lead Investors shall mean any three (3) Lead Investors).

“**Major Subsidiary**” or “**Major Subsidiaries**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Member(s)**” have the meanings given to those terms in introductory paragraph of this Agreement.

“**Memorandum and Articles of Association**” shall mean the Second Amended and Restated Memorandum and Articles of Association of the Company (as the same shall be amended, or amended and restated, from time to time).

“**New Securities**” shall mean any Preference Shares, Ordinary Shares or other Equity Securities of the Company (of any type whatsoever), whether now authorized or not, and any grant or issuance of any options, any exercise of any options, any rights or warrants to purchase such Preference Shares, Ordinary Shares and Equity Securities of the Company (of any type whatsoever) that are, or may become, convertible or exchangeable into such Preference Shares, Ordinary Shares or other voting shares of the Company (of any type whatsoever); *provided, however,* that the term “**New Securities**” shall not include (i) Exempted Securities, (ii) Ordinary Shares issued in a Qualified IPO approved by the Board; (iii) any Preference Shares or Warrants issued under the SWSA and the WSA; (v) any Conversion Shares issued upon conversion of the Preference Shares and (vi) any Warrant Shares issued upon the exercise of the Warrants according to the Warrants, and the Conversion Shares issued upon conversion of the Warrant Shares.

“**Offer Notice**” has the meaning given to that term in Section 4.1 of this Agreement.

“**Official**” shall mean (a) any officer of a political party or candidate for political office; (b) any officer or employee of a government entity (including any legislative, judicial, executive or administrative department, agency or instrumentality thereof) or a public international organization; (c) any person acting in an official capacity for or on behalf of any such political party, candidate, government or department, agency, or instrumentality, or public international organization.

“**Onshore CB Agreement**” shall mean the Convertible Loan Investment Agreement (可转债投资协议) entered into by and among Beijing Entity, the Founders, 58, Shell and certain other parties on June 20, 2023.

“**Offshore CB Agreements**” shall mean (x) the Convertible Note Purchase Agreement entered into by and among the Company, SAIC, and certain other parties thereto on June 20, 2023, and (y) the Convertible Promissory Note issued by the Company to SAIC on July 17, 2023.

“**Ordinary Director**” has the meaning given to that term in Section 6.1(f) of this Agreement.

"**Ordinary Majority**" shall mean Founder Entit(ies) holding more than fifty percent (50%) of the total issued and outstanding Ordinary Shares held by the Founder Entities on an as-converted and fully-diluted basis.

"**Ordinary Shares**" shall mean the Ordinary Shares of the Company, nominal or par value US$0.00001 per share.

"**Over-Allotment Issuance Shares**" has the meaning given to that term in Section 4.4 of this Agreement.

"**Peikun Jingrong"** has the meaning given to that term in Schedule B to this Agreement.

"**Person**" shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

"**PR Period**" has the meaning given to that term in Section 4.2 of this Agreement.

"**PRC**" shall mean the People's Republic of China excluding, for the sole purposes of this Agreement, Hong Kong, the Macau Special Administrative Region and Taiwan.

"**PRC GAAP**" shall mean the accounting principles generally accepted in the PRC.

"**Preemptive Right**" has the meaning given to that term in Section 4 of this Agreement.

"**Preference Directors**" shall mean collectively the FET Director, the Shell Director, the GGV Director, the Zhen Partners Director and the 58 Director; a "**Preference Director**" shall mean each of the Preference Directors.

"**Preference Shares**" shall mean the Series Angel Preference Shares, the Series Seed Preference Shares, the Series A Preference Shares, the Series A+ Preference Shares, the Series B Preference Shares, and the Series B+ Preference Shares.

"**Principal Business**" has the meaning given to that term in Section 1.2 of this Agreement.

"**Prior IRA**" has the meaning given to that term in the recitals of this Agreement.

"**Proposed Purchaser**" has the meaning given to that term in Section 8.1(b) of this Agreement.

"**Proposed Transfer**" shall mean any transfer of any Equity Securities of the Company proposed by or accepted by any Prospective Transferor to any third party transferee (the "**Prospective Transferee**").

"**Proposed Transfer Notice**" has the meaning given to that term in Section 5.1(b) of this Agreement.

"**Public Offering**" shall mean a sale of Shares to the public in an offering pursuant to (a) a registration statement filed under the Securities Act, or (b) the securities Laws applicable to an offering of its securities in another jurisdiction, pursuant to which such securities will be listed on an internationally recognized securities exchange.

"**Qualified IPO**" has the meaning given to that term in Section 9.3(a).

"**Re-Allotment Transfer Shares**" has the meaning given to that term in Section 5.1(d) of this Agreement.

"**Recapitalization**" shall mean any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event.

"**Regular Board Meeting**" has the meaning given to that term in Section 6.5 of this Agreement.

"**register**," "**registered**," and "**registration**" used in Section 3 hereof shall refer to a registration effected by preparing and filing a registration statement under the Securities Act, and the declaration or ordering of effectiveness of such registration statement.

"**Relevant Period**" has the meaning given to that term in Section 9.2(a) of this Agreement.

"**Registrable Securities**" shall mean (i) Ordinary Shares issued or to be issued upon conversion of any series of the Preference Shares or Warrant; (ii) Ordinary Shares issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, any of the foregoing; (iii) any other Ordinary Shares hereafter acquired by any Investor, including Ordinary Shares issued in respect of the Ordinary Shares described in (i) and (ii) above, upon any share dividend, share subdivision, combination of shares, reorganization, reclassification or other similar event; and (iv) any depositary receipts issued by an institutional depositary upon deposit of any of the foregoing. Notwithstanding the foregoing, "**Registrable Securities**" shall not include any Registrable Securities sold by a Person in a transaction in which rights under Section 3 of the Agreement are not assigned in accordance with this Agreement or any Registrable Securities sold in a Public Offering, whether sold pursuant to SEC Rule 144 or in a registered offering, or otherwise.

"**Remaining New Securities**" has the meaning given to that term in Section 4.3 of this Agreement.

"**Requesting Investor**" has the meaning given to that term in Section 2.2 of this Agreement.

"**Right of Co-Sale**" shall mean the right, but not an obligation, of an Investor to participate in a Proposed Transfer on the terms and conditions specified in the Proposed Transfer Notice.

"**Right of First Refusal**" or "**First Refusal Right**" shall mean the right, but not an obligation, of the Investors, to purchase certain Transfer Shares with respect to a Proposed Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

"**ROFR Holder(s)**" has the meaning given to that term in Section 5.1(a) of this Agreement.

"**ROFR Notice**" has the meaning given to that term in Section 5.1(c) of this Agreement.

"**ROFR Notice Period**" has the meaning given to that term in Section 5.1(c) of this Agreement.

"**ROFR Shares**" has the meaning given to that term in Section 5.1(e) of this Agreement.

"**SAIC"** has the meaning given to that term in Schedule B to this Agreement.

"**Sale of the Company**" shall mean either: (a) a Share Sale or (b) a sale, transfer or other disposition in a single transaction or series of related transactions, by the Company or any of its Subsidiaries of all or substantially all of the business or assets of the Group Companies taken as a whole (or, if substantially all of the assets of the Group Companies taken as a whole are held by one or more Subsidiaries of the Company, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such Subsidiaries of the Company).

"**SEC**" shall mean the U.S. Securities and Exchange Commission.

"**SEC Rule 144**" shall mean Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" shall mean Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder; *provided, however,* that in the context of a Public Offering of securities in a jurisdiction other than the United States, "**Securities Act**" shall mean the securities Laws of such other jurisdiction that are analogous to the U.S. Securities Act of 1933, as amended.

"**Selling Investors**" has the meaning given to that term in Section 8.1 of this Agreement.

"**Series A Investor(s)**" has the meaning given to that term in introductory paragraph of this Agreement.

"**Series A Preference Shares**" shall mean the Series A Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

"**Series A+ Investor(s)**" has the meaning given to that term in introductory paragraph of this Agreement.

"**Series A+ Preference Shares**" shall mean the Series A+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

"**Series Angel Investor(s)**" has the meaning given to that term in introductory paragraph of this Agreement.

"**Series Angel Preference Shares**" shall mean the Series Angel Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series B Investor(s)**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Series B Preference Shares**” shall mean the Series B Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series B+ Investor(s)**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Series B+ Post-Money Valuation**” has the meaning given to that term in Section 7.3 of this Agreement.

“**Series B+ Preference Shares**” shall mean the Series B+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series B+ Warrants**” has the meaning given to the “Warrants” in the WSA.

“**Series B+ Warrant Holder**” shall mean collectively 58, Shell and SAIC with respect to the Series B+ Warrants held by them.

“**Series B+ Warrant Shares**” has the meaning given to the “Warrant Shares” in the WSA.

“**Series Seed Investor(s)**” has the meaning given to that term in introductory paragraph of this Agreement.

“**Series Seed Preference Shares**” shall mean the Series Seed Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Shanghai Dingbei**” has the meaning given to that term in Schedule B to this Agreement.

“**Shanghai Dingpai**” has the meaning given to that term in Schedule B to this Agreement.

“**Share Sale**” shall mean a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from members of the Company, Shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

“**Shares**” shall mean the Ordinary Shares and Preference Shares, as applicable.

“**Shell**” has the meaning given to that term in Schedule B to this Agreement.

“**Shell Director**” has the meaning given to that term in Section 6.1(b) of this Agreement.

“**Specific ESOP**” shall mean 30% of the Additional ESOP Shares that are effectively reserved in accordance with Section 7.6 of SWSA prior to the IPO of the Company.

“**SWSA**” shall mean the Share and Warrant Subscription Agreement dated June 20, 2023 by and among the Company, the Investors (other than 58 and SAIC) and certain other parties named therein.

“**SWSA Closing**” has the meaning given to the “Closing” as defined in the SWSA.

“**SWSA Closing Date**” has the meaning given to the “Closing Date” as defined in the SWSA.

“**Shell Notice**” has the meaning given to that term in Section 4.2 of this Agreement.

“**Subject Party**” has the meaning given to that term in Section 10.3 of this Agreement.

“**Subsidiary**” or “**subsidiary**” shall mean, with respect to any subject entity (the “**subject entity**”), (i) any company, partnership or other entity (x) more than 50% of whose shares or other interests entitled to vote in the election of directors or (y) more than 50% interest in the profits or capital of such entity are owned or Controlled, directly or indirectly, by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with IFRS or U.S. GAAP, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another subsidiary.

“**Terms**” has the meaning given to that term in Section 10.1 of this Agreement.

“**Transaction Agreements**” shall mean this Agreement, the Restructuring Agreement, the Warrants, the SWSA, the WSA, the Memorandum and Articles of Association, the Indemnification Agreement (as defined in the WSA), the Onshore CB Agreement, the Offshore CB Agreements, the Shell’s Side Letter (as defined in the SWSA) and each of the other agreements and documents required in connection with implementing the transactions contemplated by this Agreement, the SWSA and the WSA.

“**Transfer**” shall mean any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of, or any other like transfer or encumbrance of any Equity Securities of the Company.

“**Transfer Shares**” has the meaning given to that term in Section 5.1(a) of this Agreement.

“**U.S.**” or “**United States**” shall mean the United States of America.

“**U.S. GAAP**” shall mean the accounting principles generally accepted in the United States.

“**Warrants**” shall mean collectively the Series B+ Warrants and the Existing Warrants.

“**Warrant Holders**” shall mean collectively the Series B+ Warrant Holders and the Existing Warrant Holders.

“**Warrant Shares**” shall mean collectively the Series B+ Warrant Shares and the Existing Warrant Shares.

“**WSA**” has the meaning given to that term in the recitals of this Agreement.

“**Zhen Partners**” has the meaning given to that term in Schedule B to this Agreement.

“**Zhen Partners Director**” has the meaning given to that term in Section 6.1(d) of this Agreement.

“**58**” has the meaning given to that term in Schedule B to this Agreement.

“**58 Warrant II**” shall mean the Warrant to Purchase Preference Shares issued by the Company to 58 at the closing under the WSA, whereby 58 is entitled to purchase certain number of Series B+ Preference Shares or New Financing Shares (as defined therein) at the purchase price of the USD equivalent of RMB20,000,000 (deducting necessary bank charges, if any).

“**58 Director**” has the meaning given to that term in Section 6.1(e) of this Agreement.

<u>Schedule B</u>

Schedule of Investors

Part I <u>Series Angel Investors</u>

Name of Investor	Total Number of Series Angel Preference Shares Purchased (assuming the Warrants have been fully exercised)
Shanghai Dingbei Enterprise Management Consulting L.P. (上海鼎北企业管理咨询合伙企业(有限合伙)) ("**Shanghai Dingbei**")	37,500,000 Series Angel Preference Shares
Shanghai Dingpai Enterprise Management Consulting L.P. (上海鼎湃企业管理咨询合伙企业(有限合伙)) ("**Shanghai Dingpai**")	37,500,000 Series Angel Preference Shares
TOTAL:	**75,000,000**

Schedule B

Schedule of Investors

Part II Series Seed Investors

Name of Investor	Total Number of Series Seed Preference Shares Purchased (assuming the Warrants have been fully exercised)
Zhen Partners Fund IV L.P. ("**Zhen Partners**")	87,525,000 Series Seed Preference Shares
Foshan Hegao Zhixing XIV Equity Investment Center L.P. (佛山市和高智行十四号股权投资中心(有限合伙))	87,525,000 Series Seed Preference Shares
TOTAL:	**175,050,000**

Schedule B

Schedule of Investors

Part III Series A Investors

Name of Investor	**Total Number of Series A Preference Shares Purchased (assuming the Warrants have been fully exercised)**
GGV (Xcharge) Limited ("**GGV**")	240,000,000 Series A Preference Shares
Zhen Partners Fund IV L.P.	60,000,000 Series A Preference Shares
TOTAL:	**300,000,000**

Schedule B

Schedule of Investors

Part IV Series A+ Investors

Name of Investor	Total Number of Series A+ Preference Shares Purchased (assuming the Warrants have been fully exercised)
Zhen Partners Fund IV L.P.	11,700,900 Series A+ Preference Shares
GGV (Xcharge) Limited	19,035,600 Series A+ Preference Shares
Shanghai Yuanyan Enterprise Management Consulting L.P. (上海源彦企业管理咨询合伙企业(有限合伙))	88,235,400 Series A+ Preference Shares
TOTAL:	**118,971,900**

Schedule B

Schedule of Investors

Part V Series B Investors

Name of Investors	Total Number of Series B Preference Shares Purchased (assuming the Warrants have been fully exercised)
Beijing Foreign Economic and Trade Development Guidance Fund L.P. (北京外经贸发展引导基金(有限合伙)) ("**FET**")	260,180,400 Series B Preference Shares
Shell Ventures Company Limited (壳牌资本有限公司) ("**Shell**")	198,442,800 Series B Preference Shares
Chengdu Peikun Jingrong Venture Capital Partnership L.P. (成都沛坤菁蓉创业投资合伙企业(有限合伙)) ("**Peikun Jingrong**")	66,147,600 Series B Preference Shares
Chengdu Peikun Songfu Technology Partnership L.P. (成都沛坤宋富科技合伙企业(有限合伙))	22,049,100 Series B Preference Shares
Beijing China-US Green Investment Center L.P. (北京中美绿色投资中心(有限合伙)) ("**China-US Green**")	55,552,800 Series B Preference Shares
TOTAL:	**602,372,700**

Schedule B

Schedule of Investors

Part VI **Series B+ Investors**

Name of Investors	Total Number of Series B+ Preference Shares Purchased (assuming the Warrants have been fully exercised)
Wuxi Shenqi Leye Private Equity Funds Partnership L.P. (无锡神骐乐业私募基金合伙企业(有限合伙)) ("**58**")	126,135,217 Series B+ Preference Shares (subject to the adjustment provided in the 58 Warrant II)
Shell Ventures Company Limited (壳牌资本有限公司)	37,840,565 Series B+ Preference Shares
Mobility Innovation Fund, LLC ("**SAIC**")	The number of Series B+ Preference Shares set forth in the Warrant held by SAIC

Schedule C

Schedule of Founders and Founder Entities

Founders	Founder Entities	Number of Ordinary Shares Held
Rui Ding (丁锐)	Next EV Limited Address: ICS Corporate Services (BVI)Limited, Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands	419,970,000
Yifei Hou (侯亦飞)	Future EV Limited Address: ICS Corporate Services (BVI)Limited, Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands	236,230,500
TOTAL	-	**656,200,500**

Schedule D

Major Subsidiaries

Schedule E

ADDRESSES FOR NOTICE

Exhibit A

Deed of Adherence

Exhibit 10.6

CONVERTIBLE NOTE PURCHASE AGREEMENT

This Convertible Note Purchase Agreement (the "Agreement") is made on June 20, 2023 by and among:

1 XCHG Limited, an exempted company incorporated with limited liability under the Laws of Cayman Islands (the "Company") with a registered address at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands;

2 The individuals set forth in Schedule 2 (collectively the "Founders" and each a "Founder"); and

3 Mobility Innovation Fund, LLC (the "Purchaser").

Each of the Company, the Founders and the Purchaser shall be referred to individually as a "Party" and collectively as the "Parties".

Capitalized terms used herein shall have the meaning defined in the main body of this Agreement or set forth in Schedule 1 attached hereto.

RECITALS

The Company desires to issue and sell, and the Purchaser desires to purchase, a convertible promissory note in substantially the form attached to this Agreement as Exhibit A (the "Note") which shall be convertible into shares or equity interests of the Company pursuant to the terms and conditions set forth in the Note Documents (as defined below). The shares or equity interests issuable upon conversion thereof are collectively referred to herein as the "Securities".

AGREEMENT

In consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Purchase and Sale of Note.**

(a) **Sale and Issuance of Note.** Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase at the Closing (as defined below) and the Company agrees to sell and issue to the Purchaser the Note in the principal amount of US$2,000,000. The purchase price of the Note shall be equal to 100% of the principal amount of such Note (the "Purchase Price").

(b) **Closing; Delivery.**

Within five (5) Business Days ("Confirmation Period") after the Company has provided the Purchaser with evidence (which is required to be provided by the Company) that all the conditions to the Closing as set forth in Section 6 (other than conditions that by their nature are to be satisfied at the Closing or that have been waived by the Purchaser in writing) have been satisfied, the Purchaser shall send written confirmation to the Company to the effect that all the conditions to the Closing as set forth in Section 6 (other than conditions that by their nature are to be satisfied at the Closing) have been satisfied or waived; *provided* that if the Purchaser has reasonable grounds to believe that any of the aforementioned conditions to the Closing has not been satisfied or waived, the Purchaser may give written notice to the Company within the Confirmation Period stating such facts and requesting the Company to provide further evidence of satisfaction of aforementioned conditions to the Closing, in which case the Confirmation Period shall be postponed to the end of three (3) days following the provision of such further evidence. In the event that the Purchaser fails to send the aforementioned written confirmation within the Confirmation Period (or the postponed Confirmation Period, as the case may be), such written confirmation shall be deemed to have been duly provided. On condition that the Lead Investor and each of the Onshore Co-Investors have sent written confirmation to the Beijing Entity that all conditions to the closings under the Convertible Loan Investment Agreement have been satisfied or waived (other than conditions that by their nature are to be satisfied at the Closing), the purchase and sale of the Note shall take place remotely via the exchange of documents and signatures within fifteen (15) Business Days after all the conditions to the Closing as set forth in Section 6 (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) have been satisfied or waived, or at such other time and place as the Company and the Purchaser mutually agree upon, orally or in writing (which time and place are designated as the "Closing"); provided that the Closing shall in principle take place concurrently with the closing under the Convertible Loan Investment Agreement with respect to the Lead Investor and the Onshore Co-Investors unless otherwise agreed by the Company and the Purchaser; *provided* that the closings with respect to the Purchaser, the Lead Investor and the Onshore Co-Investors shall be several and independent, and none of the Investors (as defined below) shall be liable for any breach by any other Investor.

At the Closing, subject to the terms and conditions hereof, the Purchaser shall pay the Purchase Price of the Note by wire transfer to a bank account designated by the Company; provided that, the Company shall designate the bank account as set forth in a wire instruction in the form attached hereto as Exhibit B to the Purchaser in writing at least five (5) Business Days prior to the Closing. Once the Purchaser pays the Purchase Price to the bank account designated by the Company, such Purchase Price shall be deemed to be fully paid to the Company. Each Warrantor shall deliver to the Purchaser the executed signature pages to this Agreement and the Note.

At or around the date of this Agreement, the Beijing Entity may enter into certain Convertible Loan Investment Agreement (the "Convertible Loan Investment Agreement") with certain other investor (the "Lead Investor") and co-investors (the "Onshore Co-Investors"; together with the Purchaser and the Lead Investor, the "Investors") for such Lead Investor and Onshore Co-Investors to extend convertible loans to the Beijing Entity. The Closing shall in principle take place concurrently with the closing under the Convertible Loan Investment Agreement with respect to the Lead Investor and Onshore Co-Investors.

2. **Share Purchase Agreement.** Each party hereto understands and agrees that the conversion of the Note into Securities of the Company (the "Conversion") shall be subject to applicable laws and will require such party's execution of certain agreements relating to the purchase and sale of such Securities as well as any rights relating to such Securities.

3. **<u>Representations and Warranties of the Warrantors</u>.** Each of the Warrantors hereby, jointly and severally, represents and warrants to the Purchaser that:

(a) **<u>Organization, Good Standing and Qualification</u>.** Each Group Company is a corporation duly organized, validly existing and in good standing under the Laws of the applicable jurisdiction and has all requisite corporate power and authority to carry on its business as now conducted. Each Group Company is duly qualified to transact business and is in good standing in each jurisdiction.

(b) **<u>Authorization</u>.** All corporate action on the part of each Group Company, its directors and its shareholders necessary for the authorization of this Agreement, the Note and all other documents contemplated by the aforementioned documents (the "<u>Note Documents</u>") and the execution, delivery and performance of all obligations under the Note Documents, including the issuance and delivery of the Note and the reservation of the Securities issuable upon conversion of the Note has been taken or will be taken prior to the issuance of such Securities. The Note Documents, when executed and delivered by the Warrantors, shall constitute valid and legally binding obligations of the Warrantors, enforceable against the Warrantors in accordance with their respective terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other Laws of general application affecting enforcement of creditors' rights generally, and as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(c) **<u>Valid Issuance of Securities</u>.** The Note and the Securities issuable upon conversion of the Note, when issued, sold and delivered in accordance with the terms hereof for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, the Series B+ Financing Documents, applicable securities laws and liens or encumbrances created by or imposed by the Purchaser. The Note and the Securities issuable upon conversion of the Note will be issued in compliance with all applicable securities laws.

(d) **<u>No Conflicts</u>.** The execution, delivery and performance of this Agreement and each Note Document by each Warrantor or other Group Company as a party thereto (other than the Purchaser) do not, and the consummation by such Warrantor or Group Company of the transactions contemplated thereby will not result in any material violation of, be in material conflict with, or constitute a material default under any Governmental Order, any provision of the constitutional documents of any Group Company, or any applicable Laws.

(e) **<u>Compliance</u>.** Each of the Warrantors is and at all times has been in compliance with all Laws applicable to it or its business, properties or assets in all material aspects and no event has occurred or could be reasonably be expected and no circumstance exists or could reasonably be expected that, with or without notice or lapse of time or both, would reasonably be expected to result in material violation by any Warrantor of, or a material failure on the part of such Warrantor to comply with, any Law. Each of the Group Companies has obtained the approvals which are necessary for its respective business and operations as now conducted in all material aspects and each of such approvals is valid and in full force and effect.

4. **Representations and Warranties of the Purchaser.** The Purchaser hereby represents and warrants to the Company that:

(a) **Organization, Good Standing and Qualification.** The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the applicable jurisdiction.

(b) **Authorization.** The Purchaser has full power and authority to enter into this Agreement and the Note Documents. Each of this Agreement and the Note Documents, when executed and delivered by the Purchaser, will constitute a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other Laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies.

(c) **No Conflict**. The execution, delivery and performance of this Agreement and each Note Document by the Purchaser as a party thereto do not, and the consummation by the Purchaser of the transactions contemplated thereby will not result in any material violation of, be in material conflict with, or constitute a material default under any Governmental Order, any provision of the constitutional documents of the Purchaser, or any applicable Laws.

(d) **Purchase for Own Account**. The Purchaser is, or will be conducting the transactions hereof and acquiring the Securities for its own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. The source of the Purchase Price to be paid by the Purchaser will be lawful and in compliance with all applicable Laws.

(e) **Status of Investor**. The Purchaser is (i) not a U.S. person within the meaning of Rule 902 of Regulation S under the Securities Act or purchasing the Conversion Shares outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, or (ii) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act.

5. **Covenants.**

(a) **Series B+ Financing Documents.** For purpose of the Conversion, the Parties agree to enter into an amended and restated Investors' Rights Agreement of the Company and other ancillary documents, and cause the Company to adopt an amended and restated Memorandum and Articles of Association (the above documents and the Note Documents are collectively referred to as the "Series B+ Financing Documents"), under which, unless otherwise agreed by the Company and the Purchaser, the rights that the Purchaser enjoys with respect to the Securities shall be substantially same as the rights that the Lead Investor and Onshore Co-Investors enjoy with respect to its Series B+ Preferred Shares of the Company (excluding the right of the Lead Investor to appoint a director of the Company), and shall be substantially no less favorable than the rights that the series B investors enjoy with respect to the registered capital they hold in the Beijing Entity as a result of the series B financing of the Beijing Entity as set forth in the Shareholders Agreement of the Beijing Entity dated June 1, 2021 by and among the Beijing Entity, the Founders and other parties thereto (excluding the priority of壳牌资本有限公司in the pre-emptive rights and the right to appoint directors of the Company).

(b) **Authorization of Conversion Shares.** In the event of Conversion, the Warrantors shall take all actions to cause the Company to authorize sufficient shares to enable the conversion of the Notes in accordance with the terms of the Note on or prior to the date of Conversion. When issued, all such shares shall be duly authorized, fully paid and non-assessable, and validly issued in accordance with Memorandum and Articles of Association and any relevant securities laws.

(c) **Waiver.** The Warrantors shall cause all the shareholders of the Company to waive their respective pre-emption rights or other similar rights existing in any forms under any documents in respect any of the Securities.

(d) **Executory Period Covenants.** From the date of the Closing and the earliest of (i) the Conversion, (ii) the repayment by the Company of entire principal amount and accrued interest under the Note, or (iii) the termination of this Agreement pursuant to Section 9, except as the Purchaser otherwise agrees in writing, as permitted or contemplated by the transactions contemplated under the Series B+ Financing Documents, the Restructuring Agreement, the Convertible Loan Investment Agreement or other documents relevant to the financing of the Company, or as required to conduct the business of the Group Companies in the ordinary course, none of the Group Companies shall (and the Warrantors shall not permit any of the Group Companies to) (aa) conduct any merger, split, dissolution, or liquidation, (bb) sell, purchase, assign, lease, transfer, pledge, encumber or otherwise dispose of all or substantially all assets of the Group Companies, (cc) issue, sell or grant any Equity Security, (dd) declare, issue, make or pay any dividend or other distribution with respect to any Equity Security, or (ee) authorize, approve or agree to any of the foregoing.

6. **Conditions to the Purchaser's Obligations at Closing.** The obligations of the Purchaser to the Company under this Agreement are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived in writing by the Purchaser:

(a) **Note Documents.** Each of the parties to the Note Documents, other than the Purchaser, shall have executed and delivered the Note Documents to the Purchaser.

(b) **Representations and Warranties; Performance.** The representations and warranties of the Warrantors contained in Section 3 shall be true, correct, complete and not misleading in material aspects on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing. Each Warrantor shall have performed and complied with all agreements, obligations and conditions contained in the Note Documents that are required to be performed or complied with by them, on or before the Closing without any action of breach.

(c) **Proceedings and Documents.** All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto with respect to this Agreement and the other Note Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance reasonably satisfactory to the Purchaser, and the Purchaser shall have received all such counterpart original or other copies of such documents as it may reasonably request. The Warrantors shall have obtained any and all permits, third party consents and waivers necessary or appropriate for consummation (without adverse effect) of the transactions contemplated by each Note Document, including without limitation any waiver of preemptive right by then existing shareholders of the Company relating to the transactions contemplated by each Note Document (including the Conversion).

(d) **Rui Ding Loan**. The board of the Beijing Entity shall have adopted a resolution to approve and ratify the loan in the amount of RMB1,700,000 provided by the Beijing Entity for Rui Ding (丁锐).

(e) **Key Employees**. Each of the Founders and Key Employees (as set forth in Schedule 3) shall have entered into an employment agreement, IP assignment agreement, confidentiality agreement and non-compete agreement acknowledged by the Purchaser with the Beijing Entity.

(f) **No Material Adverse Effect.** There shall not have occurred a Material Adverse Effect from the date hereof until the Closing. The term "Material Adverse Effect" used in this Agreement shall mean, unless caused or reasonably expected to be caused by any event provided in the Restructuring Agreement, any (A) commencement of any proceedings of bankruptcy, liquidation, dissolution, reorganization or debt restructuring or disposal of major assets of any of the Warrantors, (B) forfeiture of any important permit, license or certificate necessitated by the operation of any Group Company; or (C) any condition, change or effect that, either alone or together with other condition, change or effect, directly or indirectly, (i) has had or could reasonably be expected to have a material adverse effect on the existing, business, assets, intellectual property, liabilities (including without limitation contingent liabilities), financial condition, results of operation or prospects of operation of any Group Company, (ii) has had or could reasonably be expected to have a material adverse effect on the licenses, permits or capabilities necessitated by the operation of any Group Company, or (iii) would impair the validity, binding effect or enforceability of the Note Documents such that has had or could reasonably be expected to have a material adverse effect on any Group Company or the initial public offering of the Company.

(g) **No Restraints**. There shall have been no injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or any governmental authority in effect precluding or prohibiting consummation of any part of the transactions contemplated hereby and under the other Note Documents.

(h) **No Litigation**. No action shall have been instituted or threatened or claim or demand made against any Group Company or any Founder seeking to restrain or prohibit, or to obtain substantial damages with respect to, the consummation of the transactions contemplated by this Agreement or any other Note Document, and there shall not be in effect any order by a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any other Note Document.

(i) **No Material Change**. From the date hereof until the Closing, there shall have not occurred with respect to any Group Company (aa) any material adverse change in the shareholding, corporate governance, business operation or financial condition, or any material legal disputes or change in personnel (in each case other than for the purpose of Restructuring); or (bb) any material change in the capability of performance of the obligations under the Note Documents by the Company and/or the Founders (other than for the purpose of Restructuring).

(j) **No Transfer**. From the date hereof until the Closing, there shall have not been any transfer or creation of liens of or upon any or all shares of the Company held by any Founder (other than for the purpose of Restructuring).

(k) **No Violation; No Lien or Debt**. From the date hereof until the Closing, there shall have not been any material violation of laws or regulations, disposal of or creation of liens upon the major assets, or incurrence of material debts (other than in the ordinary course of business) with respect to or by the Group Companies as continuously operating entities.

(l) **Approval of Investment**. The investment committee or similar decision making body of the Purchaser shall have approved the transactions contemplated hereunder.

(m) **Restructuring Agreement; Capital Reduction.** The Restructuring Agreement has been duly executed by the parties thereto. The Beijing Entity has made the announcement for its registered capital reduction in accordance with the Restructuring Agreement and the documents necessary therefore have been executed.

(n) **Closing Certificate.** The Warrantors shall have executed and delivered to the Purchaser at the Closing a certificate dated as of the Closing stating that the conditions specified in this Section 6 have been fulfilled as of the Closing.

7. **Guarantee.**

(a) **Guarantee.** In consideration of the Purchaser entering into this Agreement and the Note and completing the transactions contemplated hereby or thereby, the Founders (the "Guarantors") hereby, jointly and severally guarantee, the full and punctual payment of the principal amount and the accrued interest of the Note by the Company under the Note Documents in accordance with the terms and conditions thereof (if applicable). In the event that the Company fails to repay the entire principal amount and the accrued interest of the Note on time (if applicable), the Guarantors shall be jointly and severally liable for and pay any monetary damages claimed by the Purchaser.

(b) **Limitations.** Notwithstanding anything to the contrary herein, the maximum aggregate liability of any Founder under this Agreement and any of the other Note Documents shall not exceed the fair realizable value of the Equity Securities of the Group Companies then held, directly or indirectly, by such Founder.

8. **Indemnity.**

In the event of (i) any material breach or violation by the Warrantors of, or material inaccuracy or misrepresentation in, any representation or warranty made by the Warrantors contained herein or any of the other Note Documents; (ii) any material breach or violation by the Warrantors of any of the covenants under Section 5 hereof or any of the other Note Documents (each of (i) and (ii), a "Breach"), each of the Warrantors shall, and shall cause other Warrantors to, cure such Breach (to the extent that such Breach is curable) to the reasonable satisfaction of the Purchaser. The Warrantors shall also indemnify the Purchaser and its directors, officers, and Affiliates (the "Indemnitee") for any and all direct losses, liabilities, damages, claims, obligations, penalties, settlements, deficiencies, costs and expenses, including without limitation, reasonable advisor's fees and other reasonable expenses of investigation, defense and resolution of any Breach paid, suffered, sustained or incurred by the Indemnitee resulting from, or arising out of, or due to, any Breach.

9. **Termination.**

(a) Termination of this Agreement. This Agreement may be terminated before the Closing (i) by mutual written consent of the Parties, (ii) by the Purchaser, by written notice to the Company if there has been a material misrepresentation or material breach of a covenant or agreement contained in this Agreement on the part of any of the Warrantors, and such breach, if curable, has not been cured within thirty (30) days of such notice, (iii) by the Company, by written notice to the Purchaser if there has been a material misrepresentation or material breach of a covenant or agreement contained in this Agreement on the part of the Purchaser, and such breach, if curable, has not been cured within thirty (30) days of such notice, (iv) by any Party if, due to change of applicable Laws, the consummation of the transactions contemplated hereunder would become prohibited under applicable Laws, or (v) by the Company or the Purchaser, if the Closing fails to occur within forty-five (45) days after the date hereof (but if such failure to close results from the Company or the Purchaser's (as the case may be) breach, such Party shall not be entitled to terminate the agreement) .

(b) Effect of Termination. In the event that this Agreement is validly terminated pursuant to Section 9(a), the Parties shall be relieved of their duties and obligations arising under this Agreement after the termination date and such termination shall be without liability to any of the terminating parties; provided that no such termination shall relieve any Party hereto from liability for any breach thereby of this Agreement. The provisions of this Section 9, Section 8, Section 10(b), Section 10(c), Section 10(d), Section 10(e) and Section 10(h) hereof shall survive any termination of this Agreement.

10. **Miscellaneous**.

(a) **Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. This Agreement is not assignable by either Party without the express prior written consent of all other Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) **Confidentiality.**

(i) Disclosure of Terms. The terms and conditions of this Agreement, the Note Documents and the Series B+ Financing Documents, all exhibits and schedules attached hereto and thereto, and the transactions contemplated hereby and thereby (collectively, the "Transaction Terms"), including their existence, shall be considered confidential information and shall not be disclosed by any Party hereto to any third party except as permitted in accordance with the provisions set forth below.

(ii) Permitted Disclosures. Notwithstanding the foregoing, the Company may disclose the existence of the investment or the Transaction Terms to any person or entity to which disclosure is approved in writing by the Purchaser. Each Party may disclose (x) the existence of the investment and the Transaction Terms to any of its Affiliate, employee, accountant, legal counsel, partner, limited partner, former partner, potential partner or potential limited partner or other third parties, in each case where such Persons have executed or are otherwise bound by appropriate non-disclosure obligations, and (y) the fact of the investment to the public, provided that any disclosure to the public shall be subject to the prior written consent from the Company. Any party hereto may also provide disclosure in order to comply with applicable Laws, as set forth in Section 10(b)(iii) below.

(iii) Legally Compelled Disclosure. In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to any applicable Tax, securities, or other Laws and regulations of any jurisdiction) to disclose the existence of this Agreement or content of any of the Transaction Terms, such Party (the "Disclosing Party") shall provide the other Parties with prompt written notice of that fact and shall consult with the other Parties regarding such disclosure. At the request of another Party, the Disclosing Party shall, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In any event, the Disclosing Party shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(iv) Other Exceptions. Notwithstanding any other provision of this Section 10(b), the confidentiality obligations of the Parties shall not apply to: (i) information which a restricted party learns from a third party having the right to make the disclosure, provided the restricted party complies with any restrictions imposed by the third party; (ii) information which is rightfully in the restricted party's possession prior to the time of disclosure by the protected party and not acquired by the restricted party under a confidentiality obligation; or (iii) information which becomes publicly known without breach of confidentiality by the restricted party.

(v) Press Releases, Etc. No announcements regarding the Purchaser's investment in the Company may be made by any party hereto in any press conference, professional or trade publication, marketing materials or otherwise to the public without the prior written consent of the Purchaser and the Company, provided, that any such announcement made by any partner, limited partner, bona fide potential partner or bona fide potential limited partner of the Purchaser shall not be subject to the consent of the Company if disclosure of the same by any Party has already been approved.

(vi) Other Information. The provisions of this Section 10(b) shall terminate and supersede the provisions of any separate nondisclosure agreement (if any) executed by any of the Parties with respect to the transactions contemplated hereby.

(c) **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the Laws of the Hong Kong, without giving effect to principles of conflicts of law.

(d) **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 10(d) 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 10(d).

(e) **Fees and Expenses.** Each Party shall bear its own fees and expenses incurred for the transaction.

(f) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

(g) **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(h) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by email, courier, overnight delivery service or confirmed facsimile, or 48 hours after being deposited in the mail as certified or registered mail with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth on the signature page below or as subsequently modified by written notice.

(i) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the Parties. Any amendment or waiver effected in accordance with this Section 10(j) shall be binding upon the Purchaser and each transferee of the Securities, each future holder of all such Securities, and the Company.

(j) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable Law, the Parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each Party as close as possible to that under the provision rendered unenforceable. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(k) **Entire Agreement.** This Agreement and the documents referred to herein constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the Parties hereto are expressly canceled.

[Signature Page Follows]

The Parties have executed this Convertible Note Purchase Agreement as of the date first written above.

XCHG Limited

/s/ Yifei Hou

Name: Yifei Hou (侯亦飞)
Title: Director

Address: 12 Shuangyang Road, Daxing District, Beijing, PRC (北京市大兴区双羊路12号)
Attn: Rui Ding (丁锐)
Tel: 010-57215988
Email: ray@xcharge.com; simon@xcharge.com

Yifei Hou (侯亦飞)

/s/ Yifei Hou

Address: 12 Shuangyang Road, Daxing District, Beijing, PRC (北京市大兴区双羊路12号)
Attn: Rui Ding (丁锐)
Tel: 010-57215988
Email: ray@xcharge.com; simon@xcharge.com

Rui Ding (丁锐)

/s/ Rui Ding

Address: 12 Shuangyang Road, Daxing District, Beijing, PRC (北京市大兴区双羊路12号)
Attn: Rui Ding (丁锐)
Tel: 010-57215988
Email: ray@xcharge.com; simon@xcharge.com

SIGNATURE PAGE TO CONVERTIBLE NOTE PURCHASE AGREEMENT

The Parties have executed this Convertible Note Purchase Agreement as of the date first written above.

Mobility Innovation Fund, LLC

/s/ Wenhua Huang
Name: Wenhua Huang
Title: Managing Partner

/s/ Pin Ni
Name: Pin Ni
Title: Managing Partner

Address: 3000 Sand Hill Rd Building 4 STE 150, Menlo Park, CA 94025
Attn: Tao Wang
Tel:
Email: twang@saicusa.com

SIGNATURE PAGE TO CONVERTIBLE NOTE PURCHASE AGREEMENT

SCHEDULE 1

DEFINITIONS

SCHEDULE 2

LIST OF FOUNDERS

SCHEDULE 3

LIST OF KEY EMPLOYEES

EXHIBIT A

FORM OF CONVERTIBLE PROMISSORY NOTE

EXHIBIT B

FORM OF WIRE INSTRUCTION

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 Note 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

Chapter 1	Convertible Note Arrangement	2
Chapter 2	Conditions Precedent to Closing	12
Chapter 3	Representations and Warranties	13
Chapter 4	Undertakings	13
Chapter 5	Coming into Force, Supplement, Amendment, Alteration and Termination	19
Chapter 6	Liabilities for Breach of Contract	22
Chapter 7	Confidentiality	22
Chapter 8	Notice	23
Chapter 9	Governing Law and Dispute Resolution	24
Chapter 10	Miscellaneous	24

Appendices and Exhibits

Appendix A	Definitions
Appendix B	Registered Capital and Percentage of Shares To Which Shareholders are Entitled as at the Date of This Agreement
Appendix C-1	Representations and Warranties of Guarantors
Appendix C-2	Representations and Warranties of Investors
Appendix D	Contact Details
Appendix E	List of Core Employees
Exhibit I	Confirmation of Satisfaction of Conditions Precedent to Closing
Exhibit II	[Reserved]
Exhibit III	Transitional Shareholders’ and Convertible Note Investors’ Rights Agreement
Exhibit IV	Restructuring Framework Agreement
Exhibit V	Key Operating Data of Group Company

Convertible Note Investment Agreement

This Convertible Note 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 note 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 note loans to Cayman Co in accordance with their Convertible Note Purchase Agreement with Cayman Co and the convertible note loans issued by Cayman Co to the Offshore Co-investors (collectively, the "**Offshore Co-investor Note Agreement**"). Such convertible note 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 Note Arrangement

Article 1.1 Amount of Convertible Note

Pursuant to the terms and conditions of this Agreement, (1) Investor 1 provides a convertible note 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 note 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 Note**" 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 Note

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 Note 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 Note

The Guarantors (as defined below) undertake that the Convertible Note 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 Note for any other purposes, including but not limited to the repayment of debts (other than the repayment of the Convertible Note hereunder) or the provision of loans or guarantees to any person.

Article 1.4 Interest on Convertible Note

1.4.1 The principal of the Convertible Note 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 Note (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 Note is not converted into equity upon the expiry of the Convertible Note Term (as defined below) for any reason attributable to the Investor to which such Convertible Note 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 Note 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 Note

1.5.1 Unless otherwise agreed herein, the term of convertible note hereunder (the "**Convertible Note 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 Note 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 Note 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 Note Term.

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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note Term, any Investor or Offshore Co-investor requests the Group to repay its Convertible Note 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 Note 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 Note such investor requests the Group to repay and interest accrued thereon, together with principal of the Convertible Notes 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 Notes 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 Note

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 Note 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 Note (whether based on any repayment required for conversion or any repayment caused by the failure of conversion of the Convertible Note 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 Notes 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 Note 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 Note 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 Note 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 Note 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 Note 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 note 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 Note 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 Note 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 Note 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 Note 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 Note (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 Note 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 Note to the Investor in one lump sum, the Target Company may pay the principal of the Convertible Note 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 Note, the remaining installments of the principal of the Convertible Note 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 Note

Subject to the applicable laws, the seniority of the Convertible Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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

Beijing X-Charge Technology Co., Ltd.
Execution page of the Convertible Note Investment Agreement

IN WITNESS WHEREOF, this Convertible Note 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 Note Investment Agreement

IN WITNESS WHEREOF, this Convertible Note 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

Beijing X-Charge Technology Co., Ltd.
Execution page of the Convertible Note Investment Agreement

IN WITNESS WHEREOF, this Convertible Note 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

Beijing X-Charge Technology Co., Ltd.
Execution page of the Convertible Note Investment Agreement

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 Note 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 note 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 notes (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%**

Beijing X-Charge Technology Co., Ltd.
Appendix to the Convertible Note Investment Agreement

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.

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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

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Exhibit II [Reserved]

Exhibit V Key Operating Data of Group Company

Exhibit 10.8

WARRANT SUBSCRIPTION AGREEMENT

by and among

XCHG LIMITED

and

THE OTHER PARTIES NAMED HEREIN

Signing Date: August 4, 2023

TABLE OF CONTENTS

1.	GENERAL MATTERS	2
2.	TRANSACTION	2
3.	REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS	3
4.	REPRESENTATIONS AND WARRANTIES OF THE INVESTORS	3
5.	CONDITIONS TO THE INVESTORS' OBLIGATIONS AT CLOSING	3
6.	CONDITIONS TO THE COMPANY'S OBLIGATIONS AT CLOSING	5
7.	COVENANTS	5
8.	INDEMNITY	6
9.	TERMINATION	7
10.	GENERAL PROVISIONS	7

LIST OF SCHEDULES AND EXHIBITS

Schedule A	Definitions
Schedule B	List of Investors
Schedule C	Representations and Warranties of the Warrantors
Schedule D-1	List of Major Subsidiaries
Schedule D-2	List of Founders and Founder Entities
Schedule D-3	List of Group Companies
Schedule E	Capitalization Table of the Company
Schedule F	Addresses for Notice
Exhibit A	Form of Warrants
Exhibit B	Form of Investors' Rights Agreement
Exhibit C	Form of Memorandum and Articles of Association
Exhibit D	Form of Indemnification Agreement

WARRANT SUBSCRIPTION AGREEMENT

This Warrant Subscription Agreement (this "**Agreement**") is entered into as of August 4, 2023 among the following parties:

A. XCHG Limited, an exempted company incorporated with limited liability under the Laws of Cayman Islands (the "**Company**") with a registered address at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands;

B. The entities set forth in Schedule D-1 (collectively, the "**Major Subsidiaries**" and each, a "**Major Subsidiary**");

C. Wuxi Shenqi Leye Private Equity Funds Partnership L.P. (无锡神骐乐业私募 基金合伙企业(有限合伙)), a limited partnership incorporated under the Laws of the PRC ("**58**");

D. Shell Ventures Company Limited (壳牌资本有限公司) ("**Shell**");

E. Mobility Innovation Fund, LLC ("**SAIC**"; collectively with 58 and Shell, the "**Investors**", and each an "**Investor**"); and

F. The individuals set forth in Schedule D-2 (collectively the "**Founders**" and each a "**Founder**") and the entities owned by such individuals as set forth opposite such individuals' names in Schedule D-2 (collectively the "**Founder Entities**" and each a "**Founder Entity**").

The Company, the Major Subsidiaries, the Investors, the Founder Entities and the Founders are collectively referred to as the "**Parties**", and each, a "**Party**".

RECITALS

WHEREAS, on or prior to the Closing, the Group Companies, their respective shareholders and other relevant parties shall have carried out a series of actions and steps as set forth in the Restructuring Agreement so that the Company will directly or indirectly own or Control all other Group Companies on or prior to the Closing (the "**Restructuring**").

WHEREAS, (i) 58 has provided the Beijing Entity with a convertible loan in a total principal amount of RMB50,000,000 on the terms and conditions contained in the Convertible Loan Investment Agreement (可转债投资协议) entered into by and among Beijing Entity, the Founders, 58, Shell and certain other parties on June 20, 2023 (the "**Onshore CB Agreement**"); (ii) Shell has provided the Beijing Entity with a convertible loan in a total principal amount of RMB15,000,000 on the terms and conditions contained in the Onshore CB Agreement; and (iii) SAIC has provided the Company with a convertible loan in a total principal amount of USD2,000,000 and accordingly purchased a Convertible Promissory Note issued by the Company to SAIC on July 17, 2023 (the "**Offshore Note**") on the terms and conditions contained in the Convertible Note Purchase Agreement entered into by and among the Company, SAIC, and certain other parties thereto on June 20, 2023 (collectively with the Offshore Note, the "**Offshore CB Agreements**").

WHEREAS, the Company has agreed to issue to the Investors certain warrants to subscribe for the Warrant Shares, upon the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. GENERAL MATTERS

1.1 Definitions. Capitalized terms used herein without definition have the meanings assigned to them in Schedule A attached to this Agreement. Unless otherwise set forth in Schedule A, the use of any term defined in Schedule A in its uncapitalized form indicates that the words have their normal and general meaning.

2. TRANSACTION.

2.1 Sale and Issuance of Warrants. Subject to the terms and conditions of this Agreement, each Investor, severally and not jointly, agrees with the Company to purchase at the Closing and the Company agrees with such Investor to issue to such Investor at the Closing a Warrant or Warrants to subscribe for certain number of Series B+ Preference Shares or New Financing Shares (as defined in the 58 Warrant II, if applicable) as set forth against such Investor's name in Schedule B attached hereto (collectively, the "**Warrant Shares**"), at the purchase price set forth against such Investor's name in Schedule B, on the terms and conditions contained in the Warrant(s) in the form and substance attached hereto as Exhibit A (collectively the "**Warrants**", and each, a "**Warrant**").

2.2 Closing and Delivery.

(a) The consummation of the purchase and issuance of the Warrants as contemplated under Section 2.1 (the "**Closing**", and the date on which the Closing occurs, the "**Closing Date**"), with respect to each Investor, shall take place remotely via the exchange of documents and signatures as soon as reasonably practicable (but in any event within three (3) Business Days) after the satisfaction or waiver of each condition to the Closing set forth in Section 5 and Section 6 (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), or at such other time and place as the Company and such Investor may mutually agree upon. The Company's shareholding structure immediately prior to the Closing shall be as set forth in the Company's capitalization table attached hereto as Schedule E.

(b) On the Closing Date, the Company shall deliver to each Investor a copy of the Company's updated register of directors, certified by the secretary service provider of the Company as true and complete as of the date of the Closing and evidencing the appointment of the director as contemplated by Section 5.8 hereof.

(c) On the Closing Date, the Company shall deliver to each Investor the Warrant(s) duly executed and issued by the Company in favor of such Investor.

3. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS.

The Warrantors, jointly and severally, represent and warrant to each Investor the statements contained in Schedule C attached hereto on and after the date hereof until the Closing Date.

4. REPRESENTATIONS AND WARRANTIES OF THE INVESTORS.

Each Investor hereby, severally and not jointly, represents and warrants to the Company the following statements on and after the date hereof until the Closing Date:

4.1 Organization, Good Standing and Qualification. Such Investor is duly organized, validly existing and in good standing (to the extent applicable) under, and by virtue of, the Laws of the place of its incorporation or establishment. Such Investor is not in receivership or liquidation; no steps have been taken to enter into liquidation; and no petition has been presented for winding up such Investor.

4.2 Authorization. Such Investor has all requisite power and authority to execute and deliver the Transaction Agreements to which it is a party and to carry out and perform its obligations thereunder. All actions on the part of such Investor necessary for the authorization, execution, delivery and performance of the Transaction Agreements to which it is a party, has been taken or will be taken prior to the Closing.

4.3 Transaction Agreements. Each of the Transaction Agreements, when executed and delivered by such Investor, will constitute a valid and legally binding obligation of such Investor, subject as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Laws affecting creditors' rights generally and to general equitable principles.

4.4 No Conflict. Neither the execution nor the performance of this Agreement or any Transaction Agreement will conflict with or result in a breach of: (a) the constitutive documents of such Investor; (b) any agreement, arrangement, instrument, document or obligation to which such Investor is a party; or (c) any laws, regulations, rules, policies or orders to which such Investor is subject.

4.5 Purchase for Own Account. Such Investor is, or will be acquiring the Warrant(s) for its own account or the account of its Affiliates, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof (other than transfers to its Affiliates).

4.6 Status of Investor. Such Investor is (i) not a U.S. person within the meaning of Rule 902 of Regulation S under the Securities Act or purchasing the Warrant Shares outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, or (ii) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act.

5. CONDITIONS TO THE INVESTORS' OBLIGATIONS AT CLOSING.

The obligations of each Investor to consummate the Closing under Section 2 of this Agreement are subject to the fulfillment to the satisfaction of such Investor, on or before the Closing, of each of the following conditions, unless otherwise waived in writing by such Investor:

5.1 Representations and Warranties. Each of the representations and warranties of the Warrantors contained in Section 3 hereof shall have been true and complete in all material respects when made and shall have been true and complete in all material respects on the Closing Date with the same effect as though such representations and warranties had been made on the Closing Date, except in either case for those representations and warranties that address matters only as of a particular earlier date, which representations will have been true and complete as of such particular date.

5.2 Performance. Each of the Warrantors shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Agreements that are required to be performed or complied with by it on or before the Closing.

5.3 No Prohibition; Authorizations. No provision of any applicable Laws shall prohibit the consummation of any transactions contemplated by the Transaction Agreements. All authorizations, approvals or permits, if any, of any Governmental Authority or regulatory body that are required in connection with the lawful issuance and sale of the Warrants (as applicable) pursuant to this Agreement shall have been obtained and effective as of the Closing.

5.4 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by the Transaction Agreements that are required to be completed on or before the Closing and all documents incident thereto shall have been completed as of the Closing and shall be reasonably satisfactory in form and substance to such Investor.

5.5 No Material Adverse Effect. There shall have been no Material Adverse Effect since the date hereof.

5.6 Memorandum and Articles of Association. The Memorandum and Articles of Association in the form and substance attached hereto as Exhibit C shall have been duly adopted by all necessary action of Board and the members of the Company and shall become effective subject to and contingent as of the Closing.

5.7 Transaction Agreements. Each of the parties to the Transaction Agreements, other than the Investors, shall have executed and delivered such Transaction Agreements to the Investors.

5.8 Board of Directors. The Company shall have taken all necessary corporate actions such that immediately following the Closing Date, one (1) person shall be appointed by 58 as a director of the Company.

5.9 Indemnification Agreement. The Company shall have executed and delivered to 58 an Indemnification Agreement (“**Indemnification Agreement**”), which shall be in the form and substance attached hereto as Exhibit E.

5.10 Closing Certificate. The Warrantors shall have executed and delivered to such Investor at the Closing Date a certificate, in the form and substance agreed by such Investor and the Company, dated as of the Closing Date, stating that the conditions specified in this Section 5 have been fulfilled as of the Closing Date.

6. CONDITIONS TO THE COMPANY'S OBLIGATIONS AT CLOSING.

The obligations of the Company to consummate the Closing applicable to each Investor are subject to the fulfillment, on or before the Closing, of each of the following conditions of such Investor, unless otherwise waived in writing by the Company.

6.1 Representations and Warranties. Each of the representations and warranties of such Investor contained in Section 4 hereof shall have been true and complete in all material respects when made and shall have been true and complete in all material respects on the Closing Date with the same effect as though such representations and warranties had been made on the Closing Date, except in either case for those representations and warranties that address matters only as of a particular earlier date, which representations will have been true and complete as of such particular date.

6.2 Performance. Such Investor shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Agreements that are required to be performed or complied with by it on or before the Closing.

6.3 Transaction Agreements. Such Investor shall have executed and delivered to the Company the Transaction Agreements to which it is a party.

7. COVENANTS.

7.1 Filing of the Memorandum and Articles of Association. The Company shall, and the Founders shall cause the Company to file the Memorandum and Articles of Association with the Registrar of Companies of the Cayman Islands and provide a stamped copy of such filed Memorandum and Articles of Association to the Investors within fifteen (15) Business Days following the Closing.

7.2 Restructuring. The Warrantors shall use their reasonable best efforts to cause steps of the Restructuring set out in the Restructuring Agreement (subject to necessary adjustment mutually agreed by the Investors or the Shareholders of the Company and the Company) to be duly completed pursuant to the timetable set forth therein, or any longer period as agreed by the Investors or the Shareholders of the Company and the Warrantors.

7.3 Confidentiality and Non-Disclosure.

(a) Confidential Information. The existence of the transaction hereof and the Transaction Agreements, and the terms and conditions of the Transaction Agreements and the negotiation thereof (collectively, the "**Financing Terms**") shall be considered confidential information and shall not be disclosed by any Party to any third party except in accordance with the provisions set forth below. Such confidential information shall not be disclosed by any Party to any third party except in accordance with the provisions set forth below.

(b) Permitted Disclosures. In the event that any Party is requested by any Governmental Authority or becomes legally compelled (including, without limitation, pursuant to securities Laws and in connection with any legal, judicial, arbitration or administrative proceedings) to disclose the existence of this Agreement, any other Transaction Agreements, any of the exhibits and schedules attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 7.3, such Party (the "**Disclosing Party**") shall to the extent practicable and permitted by Laws, provide the other parties (the "**Non-Disclosing Parties**") with prompt written notice of that fact and use all commercially reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy with respect to the information which is requested or legally required to be disclosed. In such event, the Disclosing Party shall furnish only that portion of the information which is requested or legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party. The Parties may disclose the existence of the transactions contemplated hereby and the terms and conditions thereof to its current or bona fide directors, officers, employees on a need-to-know basis, shareholders, investment bankers, lenders, accountants, auditors, insurers, business or financial advisors, and attorneys; *provided* that each such recipient shall be subject to either professional obligations to keep such information confidential or confidentiality obligations that are as restrictive as this Section 7.3. Each Investor may disclose the existence of such Investor's proposed or actual investment in the Company and the Financing Terms to its legal advisors, fund manager, other funds managed by its fund manager and their respective auditors, counsel, directors, officers, employees on a need-to-know basis, shareholders or investor, Affiliates, current or bona fide prospective investors, shareholders and partners of such Investor or its Affiliates; *provided* that each such recipient shall be subject to customary confidentiality obligations.

7.4 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Agreements, *provided* that except as expressly provided herein, no Party shall be obligated to grant any waiver of any condition or other waiver hereunder.

8. INDEMNITY.

8.1 Survival. The representations and warranties of the Warrantors contained in Section 3 of this Agreement shall survive the Closing. The covenants and agreements of the Warrantors and each Investor set forth in this Agreement shall survive until fully performed or discharged in accordance with their terms.

8.2 General Indemnity. Subject to Section 8.3 below, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless each Investor, its Affiliates and its and their respective employees, officers, directors, and assigns (collectively, the "**Indemnitee**"), from and against any and all Indemnifiable Losses suffered by such Indemnitee, as incurred, insofar as the Indemnifiable Losses arise out of or are based upon: (a) any inaccuracy in or breach of any representation, warranty, covenant or agreement made by the Warrantors in this Agreement, and (b) the failure of any of the Warrantors to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to this Agreement and the Investors' Rights Agreement. The rights contained in this Section 8.2 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or pursuit of other remedies for the breach of this Agreement or with respect to any misrepresentation.

8.3 Procedure. If any Indemnitee believes that it has any claim pursuant to Section 8.2, it shall promptly give written notice thereof to the Warrantors stating specifically the basis on which such claim is being made, the material facts related thereto, and the amount asserted thereunder; *provided* that any failure of such Indemnitee to give aforesaid written notice shall not be deemed as waiver of such claim. Any Warrantor will have the right to participate in, and, to the extent it so desires, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnitee. Such participation made by any Warrantor to assume the defense shall not be deemed an acknowledgement that such Warrantor is subject to indemnification hereunder.

9. TERMINATION.

9.1 Termination of Agreement. This Agreement may be terminated with respect to all Parties prior to the Closing by mutual written consent of the Company and all of the Investors. In the event that, the maturity date of the convertible loan provided by any Investor to Beijing Entity or the Company arrives prior to the Closing in accordance with the Onshore CB Agreement or the Offshore CB Agreements (as the case may be), this Agreement shall automatically be terminated between such Investor and the Warrantors, without affecting the effectiveness of this Agreement among the Warrantors and other Investors.

9.2 Effect of Termination. If this Agreement is terminated pursuant to the provision of Section 9.1, this Agreement shall immediately be of no further force or effect and none of any Parties hereto shall have any future obligation under this Agreement, *provided* that: (i) Section 7.3 (*Confidentiality and Non-Disclosure*), this Section 9.2 (*Effect of Termination*) and Section 10 (*General Provisions*) shall remain in full force and effect and survive any termination of this Agreement, and (ii) notwithstanding anything to the contrary, nothing herein shall relieve any such Party from liability for any breach of this Agreement occurring prior to such termination.

10. GENERAL PROVISIONS.

10.1 Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Party without the prior written consents of the other Parties.

10.2 No Third Party Beneficiaries; No Partnership. Any Person who is not a party to this Agreement shall not have any right under this Agreement, nor shall any such person be entitled to enforce any provision of this Agreement, in each case whether by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) or otherwise. Nothing in this Agreement shall be deemed to constitute a partnership among any of the Parties hereto.

10.3 Governing Law. Unless stated otherwise, this Agreement, and any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation, including any non-contractual disputes or claims, will be exclusively governed by and construed in accordance with the laws of Hong Kong, excluding conflict of law rules.

10.4 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 10.4 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 10.4.

10.5 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

10.6 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.7 Notices. Except as may be otherwise provided herein, all notices and other communications given, delivered or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered or made upon the earliest of actual receipt of: (a) personal delivery to the party to be notified, (b) when sent, if sent by email or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, or (c) one (1) Business Day after deposit with an internationally-recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses, facsimile numbers or emails as set forth in Schedule F. If no facsimile number or email is listed for a party, notices and communications given, delivered or made by facsimile or email, as the case may be, shall not be deemed effectively given, delivered or made to such party. If a notice or other communication is sent via an approach other than email, a copy of such notice shall be sent via email to the recipient.

A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.7, by giving the other parties written notice of the new address in the manner set forth above.

10.8 Fees and Expenses. Each Party shall pay all of its own costs, expenses and any Tax of any nature that is required by any applicable Laws to be paid by such Party incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Agreements and the transactions contemplated hereby and thereby.

10.9 Amendments and Waivers. Prior to the Closing, this Agreement may be amended only with the prior written consent of each Party hereto. Following the Closing, any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the Investors. Any amendment or waiver effected in accordance with this Section 10.9 shall be binding upon the Investors and each transferee of the Warrants, each future holder of all such securities, and the Company.

10.10 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

10.11 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party upon any breach or default of any other party hereto under this Agreement, shall impair any such right, power or remedy of the aggrieved party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by Law or otherwise afforded to the parties shall be cumulative and not alternative.

10.12 Entire Agreement. This Agreement, the Memorandum and Articles of Association, the other Transaction Agreements and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof; *provided*, *however*, that nothing in this Agreement or related agreements 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.

[Signature Pages Follow]

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

THE COMPANY:

XCHG Limited

By: /s/ Yifei Hou
Name: Yifei Hou
Title: Director

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

MAJOR SUBSIDIARY:

Xcar Limited

By: /s/ Yifei Hou
Name: Yifei Hou
Title: Director

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

fN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year herein above first written.

MAJOR SUBSIDIARY:

XCHARGE HK LIMITED

By: /s/ Yifei Hou
Name: Yifei Hou
Title: Director

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

MAJOR SUBSIDIARY:

Beijing X-Charge Technology Co., Ltd. (北京智充科技有限公司) (Seal)

By: /s/ Rui Ding
Name: Rui Ding
Title: Legal Representative

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

INVESTORS:

By: /s/ Lihua Fu
Name: Lihua Fu
Title: Representative of Partner

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

INVESTORS:

By: /s/ Qi Ren
Name: Qi Ren
Title: Legal Representative

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

INVESTORS:

Mobility Innovation Fund, LLC

By: /s/ Wenhua Huang
Name: Wenhua Huang
Title: Managing Partner

By: /s/ Pin Ni
Name: Pin Ni
Title: Managing Partner

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

FOUNDER:

Yifei Hou

/s/ Yifei Hou

FOUNDER ENTITY:

Future EV Limited

By: /s/ Yifei Hou
Name: Yifei Hou
Title: Director

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

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

FOUNDER:

Rui Ding

/s/ Rui Ding

FOUNDER ENTITY:

Next EV Limited

By: /s/ Rui Ding
Name: Rui Ding
Title: Director

SIGNATURE PAGE TO THE WARRANT SUBSCRIPTION AGREEMENT

SCHEDULE A

Definitions

"**Affiliate(s)**" shall mean, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and (a) in the case of a natural Person, shall include, without limitation, such Person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of an Investor, shall include any Person who holds shares as a nominee for the Investor, and (c) in respect of an Investor, shall also include (i) any shareholder of the Investor, (ii) any entity or individual which has a direct and indirect interest in the Investor (including, if applicable, any general partner or limited partner) or any fund manager thereof, (iii) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed or advised by the Investor or its fund manager, (iv) the relatives of any individual referred to in (ii) above, and (v) any trust Controlled by or held for the benefit of such individuals. For the avoidance of doubt, no Investor shall be deemed to be an Affiliate of any Group Company.

"**Agreement**" has the meaning given to that term in the introductory paragraph of this Agreement.

"**Beijing Entity**" has the meaning given to that term in Schedule D attached to this Agreement.

"**Board**" shall mean the board of directors of the Company.

"**Business Day**" or "**business day**" shall mean any day that is not a Saturday, Sunday, legal holiday or a day on which banks are required to be closed in the PRC, the Cayman Islands and Hong Kong.

"**BVI**" means the British Virgin Islands.

"**BVI Entity**" has the meaning given to that term in Schedule D attached to this Agreement.

"**Closing**" has the meaning given to that term in Section 2.2(a) of this Agreement.

"**Closing Date**" has the meaning given to that term in Section 2.2(a) of this Agreement.

"**Company**" has the meaning given to that term in introductory paragraph of this Agreement.

"**Consents**" shall mean any consent, approval, authorization, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“**Control**”, with respect to any party, shall have the meaning given to that term in Rule 405 under the Securities Act, and shall be deemed to exist for any party (a) when such party holds at least twenty percent (20%) of the outstanding voting securities of such third party and no other party owns a greater number of outstanding voting securities of such third party, or (b) over other members of such party’s immediate family members, or (c) when such party possesses the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, or (d) such party possesses the beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person, or power to control the composition of the board of directors or similar governing body of such Person. The terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Conversion Shares**” shall mean the Ordinary Shares issuable upon conversion of any Warrant Shares.

“**Disclosing Party**” has the meaning given to that term in Section 7.3(b) of this Agreement.

“**Domestic Transaction Documents**” shall mean the Shareholders’ and Convertible Loan Investors’ Rights Agreement (股东及可转债投资人权利协议) entered into by and among Beijing Entity, the Founders, 58, Shell and certain other parties on June 20, 2023 and its amendment or restatement from time to time and any other written or oral agreement, arrangement or understanding under which any Investor is granted rights or privileges relating to the Beijing Entity.

“**Equity Securities**” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing.

“**ESOP**” has the meaning given to that term in the Investor’s Rights Agreement.

“**ESOP Shares**” has the meaning given to that term in the Investor’s Rights Agreement.

“**Financing Terms**” has the meaning given to that term in Section 7.3(a) of this Agreement.

“**Founder(s)**” has the meaning given to such term in introductory paragraph of this Agreement.

“**Founder Entity**” or “**Founder Entities**” has the meaning given to such term in introductory paragraph of this Agreement.

“**German Entity**” shall mean XCharge Europe GmbH.

“**Governmental Authority**” shall mean (i) any nation, government, federation, province or state or any other political subdivision thereof, or any national, provincial, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any Governmental Authority, agency, department, board, commission or instrumentality of the PRC, the Cayman Islands, Hong Kong or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization, (ii) any public international organization, (iii) any agency, division, bureau, department or other sector of any government, entity or organization described in the foregoing (i) or (ii) of this definition, or (iv) any state-owned or state-controlled enterprise or other entity owned or controlled by any government, entity or organization described in (i), (ii) or (iii) of this definition.

"**Governmental Order**" shall mean any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

"**Group Companies**" shall mean the Company and any other direct or indirect Subsidiary of the Company, each of such Group Companies being referred to as a "**Group Company**".

"**HK Entity**" has the meaning given to that term in Schedule D-1 of this Agreement.

"**HKIAC**" has the meaning given to that term in Section 10.4 of this Agreement.

"**Hong Kong**" shall mean the Hong Kong Special Administrative Region of the PRC.

"**Indemnifiable Loss**" or "**Indemnifiable Losses**" shall mean, with respect to any Person, any direct action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Person, including without limitation, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Person by reason of the indemnification.

"**Indemnification Agreement**" has the meaning given to that term in Section 5.9 of this Agreement.

"**Indemnitee**" has the meaning given to that term in Section 8.2 of this Agreement.

"**Investors**" or "**Investor**" have the meanings given to those terms in introductory paragraph of this Agreement.

"**Investors' Rights Agreement**" shall mean the Amended and Restated Investors' Rights Agreement entered into by and among the Parties and other relevant party or parties named therein on the date of this Agreement in the form and substance attached hereto as Exhibit B.

"**Law**" or "**Laws**" shall mean any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any Governmental Order.

"**Liability**" shall mean, with respect to any Person, any liability or obligation of such Person whether known or unknown, whether asserted or unasserted, whether determined, determinable or otherwise, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether directly incurred or consequential, whether due or to become due and whether or not required under U.S. GAAP to be accrued on the financial statements of such Person.

“**Lien**” shall mean any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by contract, understanding, law, equity or otherwise.

“**Major Subsidiaries**” or “**Major Subsidiary**” has the meaning given to that term in the introductory paragraphs of this Agreement.

“**Material Adverse Effect**” shall mean any (a) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects or Liabilities of the Group Companies taken as a whole, (b) material impairment of the ability of any Warrantor to perform the material obligations of such Person hereunder or under any other Transaction Agreements, as applicable, or (c) material impairment of the validity or enforceability of this Agreement or any other Transaction Agreements against any Group Company or Founder. For the avoidance of doubt, Material Adverse Effect shall not include any material change or material effect directly or indirectly: (a) resulting from acts of war, terrorism, riots, civil disorders, rebellions or revolutions, interference by military authorities in the area where the Group Companies doing business on an ordinary basis; (b) related to natural disasters and acts of God, including earthquakes, wild fires, floods, mud slides, tsunamis, storms, pandemic (including COVID-19), and other similar force majeure events; (c) resulting from changes in political conditions that generally affect the industries in which the Group Companies operates, except where the foregoing changes have had a materially disproportionate effect with respect to the Group Companies as compared to other Persons then being affected in such industries; (d) resulting from changes in Laws; (e) resulting from any action taken by any Warrantor that is required or permitted pursuant to the Transaction Agreements.

“**Memorandum and Articles of Association**” shall mean the Second Amended and Restated Memorandum and Articles of Association of the Company to be approved and adopted by the Company in the form and substance attached hereto as Exhibit C, effective subject to and contingent upon the Closing.

“**Non-Disclosing Party**” has the meaning given to that term in Section 7.3(b) of this Agreement.

“**Offshore CB Agreements**” has the meaning given to that term in RECITALS of this Agreement.

“**Offshore Note**” has the meaning given to that term in RECITALS of this Agreement.

“**Onshore CB Agreement**” has the meaning given to that term in RECITALS of this Agreement.

“**Ordinary Shares**” shall mean the Ordinary Shares of the Company, nominal or par value US$0.00001 per share.

“**Person**” shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

“**PRC**” shall mean the People’s Republic of China excluding, solely for the purposes of this Agreement, Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preference Shares**” shall mean the preference shares of the Company, nominal or par value US$0.00001 per share.

“**Qualified IPO**” has the meaning given to that term in the Investors’ Rights Agreement.

“**Restructuring Agreement**” shall mean the Restructuring Framework Agreement (重 组框架协议) entered into by and among the Company, Beijing Entity and other parties thereto on March 29, 2023.

“**Restructuring**” has the meaning given to that term in RECITALS of this Agreement.

“**RMB**” shall mean Renminbi, the lawful currency of the PRC.

“**SAMR**” shall mean the State Administration for Market Regulation of the PRC or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration for Market Regulation, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the Laws of the PRC.

“**SEC**” shall mean the U.S. Securities and Exchange Commission.

“**Securities Act**” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

“**Series A Preference Shares**” shall mean the Series A Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series A+ Preference Shares**” shall mean the Series A+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series Angel Preference Shares**” shall mean the Series Angel Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series B Preference Shares**” shall mean the Series B Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series B+ Preference Shares**” shall mean the Series B+ Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Series Seed Preference Shares**” shall mean the Series Seed Preference Shares in the share capital of the Company, nominal or par value of US$0.00001 per share, having the rights set forth in the Memorandum and Articles of Association.

“**Subsidiary**” or “**subsidiary**” shall mean, with respect to any subject entity (the “**subject entity**”), (i) any company, partnership or other entity (x) more than 50% of whose shares or other interests entitled to vote in the election of directors or (y) more than a 50% interest in the profits or capital of such entity are owned or Controlled, directly or indirectly, by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with IFRS or U.S. GAAP, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another subsidiary. For the avoidance of doubt, the Subsidiaries of the Company shall include the BVI Entity, the HK Entity, the US Entity, the Beijing Entity and its subsidiaries, and any Subsidiary that the Company may establish or acquire from time to time.

“**Tax**” or “**Taxes**” shall mean (i) in the PRC: (A) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (B) all interest, penalties (administrative, civil or criminal), late payment surcharge or additional amounts imposed by any Governmental Authority in connection with any item described in clause (A) above, and (C) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (A) and (B) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Transaction Agreements**” shall mean this Agreement, the Restructuring Agreement, the Warrants, the Investors’ Rights Agreement, the Memorandum and Articles of Association, the Indemnification Agreement, the Onshore CB Agreement, the Domestic Transaction Documents, the Offshore CB Agreements, and each of the other agreements and documents required in connection with implementing the transactions contemplated by this Agreement.

“**U.S.**” or “**United States**” shall mean the United States of America. “**US Entity**” shall mean XCHARGE Energy USA Inc.

“**U.S. GAAP**” shall mean the accounting principles generally accepted in the United States.

“**US$**” or “**USD**” shall mean the currency of the United States of America.

“**58 Warrant II**” shall mean the Warrant to Purchase Preference Shares issued by the Company to 58 at the closing under this Agreement, whereby 58 is entitled to purchase certain number of Series B+ Preference Shares or New Financing Shares (as defined therein) at the purchase price of USD equivalent of RMB20,000,000 (deducting necessary bank charges, if any).

"**Warrants**" has the meaning given to that term in Section 2.1 of this Agreement.

"**Warrant Shares**" has the meaning given to that term in Section 2.1 of this Agreement.

"**Warrantor(s)**" shall mean the Company, the BVI Entity, the HK Entity, the Beijing Entity, the Founders and the Founder Entities, each of such Warrantors being referred to as a "**Warrantor**".

SCHEDULE B

List of Investors

Name of Investors	Number of Warrant Shares	Purchase Price	Series of Preference Shares
Wuxi Shenqi Leye Private Equity Funds Partnership L.P. (无锡神骐乐业私募基金合伙企业(有限合伙))	84,104,289	USD equivalent of RMB30,000,00 0 (deducting necessary bank charges, if any) (as calculated pursuant to this Warrant)	Series B+ Preference Shares
	The number set forth in the 58 Warrant II	USD equivalent of RMB20,000,00 0 (deducting necessary bank charges, if any) (as calculated pursuant to this 58 Warrant II)	Series B+ Preference Shares or New Financing Shares (as defined in the 58 Warrant II)
Shell Ventures Company Limited (壳牌资本有限公司)	37,840,565	USD equivalent of RMB15,000,000 (deducting necessary bank charges, if any) (as calculated pursuant to this Warrant)	Series B+ Preference Shares
Mobility Innovation Fund, LLC	The number set forth in the Warrant to be held by SAIC	USD2,000,000	Series B+ Preference Shares

SCHEDULE C

REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

1. Organization, Good Standing and Qualification.

Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted. The Group Companies (other than companies established in the PRC, the US Entity and the German Entity) were formed solely to acquire and hold the Equity Securities in its Subsidiaries and since its formation has not engaged in any business.

2. Capitalization.

2.1 Schedule E of this Agreement sets forth the capitalization table of the Company immediately prior to the Closing, in each case reflecting all then issued and outstanding Equity Securities of the Company on a fully-diluted basis, and the record and beneficial holders thereof.

2.2 Except for (a) the conversion privileges of the Preference Shares provided in the Memorandum and Articles of Association, (b) rights provided in the Transaction Agreements (if any), (c) the Warrants, (d) the ESOP Shares, (e) the Equity Securities of the Group Companies as set forth in Schedules D and E attached hereto, (1) there are no and on the Closing Date there shall be no other authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of the Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities or any other rights with respect to such Equity Securities, and (3) the Company is not a party or subject to any contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of the Company held by any Founder Parties. Except as contemplated under the Transaction Agreements, there are no voting or similar agreements which relate to the share capital of the Company.

2.3 All outstanding Equity Securities of each Group Company are duly authorized, validly issued in compliance with all applicable Laws, pre-emptive rights of any Person and are non-assessable. All share capital of each Group Company is free and clear of any and all Liens (except as provided under the Transaction Agreements). There are no (a) resolutions pending to increase the share capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company or (b) dividends which have accrued or been declared but are unpaid by any Group Company.

2.4 For each Group Company that is incorporated in the PRC other than Beijing Entity, such Group Company’s registered capital has been fully paid and the payment of the registered capital of such Group Company is in full compliance with the applicable Laws and its constitutive documents, and no shareholder thereof has any obligation to make any further capital contribution to the Group Companies.

2.5 Schedule D-3 of this Agreement contains a true, correct and complete list of the Group Companies and such other Person in which the Company or any other Group Company owns any Equity Security, setting forth the name, jurisdiction of incorporation, names of its shareholders and the shareholding percentage of each such shareholder in such Group Company or Person. Except as set forth in Schedule D-3, no Group Company owns or Controls any Equity Security or interest in any other Person, and no Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

3. Authorization.

Each Warrantor has all requisite power and authority to execute and deliver the Transaction Agreements to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each party to the Transaction Agreements (other than the Investors) necessary for the authorization, execution and delivery of the Transaction Agreements, the performance of all obligations of each such party, and, in the case of the Company, the authorization, issuance, sale and delivery of the Warrants, has been taken or will be taken prior to the Closing Date. Each Transaction Agreement has been duly executed and delivered by each party thereto (other than the Investors) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4. No Conflicts.

The execution, delivery and performance of each Transaction Agreement by each party thereto (other than the Investors) do not, and the consummation by such party of the transactions contemplated thereby will not result in any material violation of, be in material conflict with, or constitute a material default under any Governmental Order, any provision of the constitutional documents of any Group Company, any applicable Laws.

5. Valid Issuance of Warrant Shares and Conversion Shares.

The Warrant Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Warrants, will be duly and validly issued and non-assessable, free from any Liens (except for those provided under applicable Laws and under the Transaction Agreements). The Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Memorandum and Articles of Association, will be duly and validly issued and non-assessable, free from any Liens (except for those provided under applicable Laws and under the Transaction Agreements).

6. Compliance.

Each of the Warrantors is and at all times has been in compliance with all Laws applicable to it or its business, properties or assets in all material aspects and no event has occurred or could be reasonably be expected and no circumstance exists or could reasonably be expected that, with or without notice or lapse of time or both, would reasonably be expected to result in material violation by any Warrantor of, or a material failure on the part of such Warrantor to comply with, any Law. Each of the Group Companies has obtained the approvals which are necessary for its respective business and operations as now conducted in all material aspects and each of such approvals is valid and in full force and effect.

SCHEDULE D

D-1 List of Major Subsidiaries

D-2 List of Founders and Founder Entities

D-3 List of Group Companies as of the Date hereof and the Closing

SCHEDULE E

Capitalization Table of the Company

Shareholder	Immediately before the Closing	
	Number of Shares (assuming the warrants have been fully exercised	**Percentage**
Ordinary Shares		
Future EV Limited	236,230,500	11.3704%
Next EV Limited	419,970,000	20.2142%
ESOP Shares (Reserved)	150,000,000	7.2199%
Series Angel Preference Shares		
Shanghai Dingbei Enterprise Management Consulting L.P. (上海鼎北企业管理咨询合伙企业 (有限合伙))	37,500,000	1.8050%
Shanghai Dingpai Enterprise Management Consulting L.P. (上海鼎湃企业管理咨询合伙企业 (有限合伙))	37,500,000	1.8050%
Series Seed Preference Shares		
Zhen Partners Fund IV L.P.	87,525,000	4.2128%
Foshan Hegao Zhixing XIV Equity Investment Center L.P. (佛山市和高智行十四号股权投资中心 (有限合伙))	87,525,000	4.2128%
Series A Preference Shares		
GGV (Xcharge) Limited	240,000,000	11.5518%
Zhen Partners Fund IV L.P.	60,000,000	2.8880%
Series A+ Preference Shares		
GGV (Xcharge) Limited	19,035,600	0.9162%
Zhen Partners Fund IV L.P.	11,700,900	0.5632%
Shanghai Yuanyan Enterprise Management Consulting L.P. (上海源彦企业管理咨询合伙企业 (有限合伙))	88,235,400	4.2470%
Series B Preference Shares		
Beijing Foreign Economic and Trade Development Guidance Fund L.P. (北京外经贸发展引导基金 (有限合伙))	260,180,400	12.5232%

Shareholder	Immediately before the Closing	
	Number of Shares (assuming the warrants have been fully exercised	Percentage
Shell Ventures Company Limited (壳牌资本有限 公司)	198,442,800	9.5516%
Chengdu Peikun Jingrong Venture Capital Partnership L.P. (成都沛坤菁蓉创业投资合伙企 业 (有限合伙))	66,147,600	3.1839%
Chengdu Peikun Songfu Technology Partnership L.P. (成都沛坤宋富科技合伙企业 (有限合伙))	22,049,100	1.0613%
Beijing China-US Green Investment Center L.P. (北京中美绿色投资中心 (有限合伙))	55,552,800	2.6739%
Total	**2,077,595,100**	**100.0000%**

SCHEDULE F

ADDRESSES FOR NOTICE

EXHIBIT A

Form of Warrants

EXHIBIT B

Form of Investor's Rights Agreement

<u>EXHIBIT C</u>

Form of Memorandum and Articles of Association

EXHIBIT D

Form of Indemnification Agreement

Exhibit 21.1

List of Significant Subsidiaries of the Registrant

Significant Subsidiaries	Place of Incorporation
XCharge Europe GmbH	Germany
Xcar Limited	BVI
XCHARGE HK LIMITED	Hong Kong
Beijing X-Charge Technology CO., LTD	PRC

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated June 2, 2023, except for Notes 1(b), 18(b) and 18(c), as to which the date is September 1, 2023, 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

February 1, 2024

Exhibit 23.4

GÖRG · Ulmenstraße 30 · 60325 Frankfurt am Main

XCHG Limited
ICS Corporate Services (Cayman) Limited,
3-212 Governors Square,
23 Lime Tree Bay Avenue,
P.O. Box 30746, Seven Mile Beach,
Grand Cayman KY1-1203, Cayman Islands

FLORIAN WOLFF
Partner

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Unser Az.: 6660/060144-23
Bitte bei allen Schreiben angeben

01 February 2024

Re: XCHG Limited

Dear Sir/Madam:

We are acting as German legal advisors to XCHG Limited, an exempted company incorporated with limited liability in the Cayman Islands (the "Company"), in connection with the proposed initial public offering (the "Offering") by the Company of certain number of American Depository Shares ("ADSs") in accordance with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), filed with the U.S. Securities and Exchange Commission ("SEC") under the U.S. Securities Act of 1933 (as amended), and the Company's proposed listing of the ADSs on the Nasdaq Stock Market.

In view of the Offering, the Client has instructed us to conduct certain legal due diligence ("Due Diligence") on XCharge Europe GmbH, a limited liability company established under the laws of the Federal Republic of Germany, registered with the commercial register of the district court of Hamburg under HRB 150660 and with registered business address at Borsteler Bogen 27 b, 22453 Hamburg, Germany. Our opinion on the Due Diligence is attached to the Registration Statement as Exhibit 99.3 (the "Opinion").

The Opinion is issued by us in our capacity as the Client's German legal advisors solely for the purpose of and in connection with the Registration Statement publicly submitted to the SEC on the date of the Opinion and may not be used for any other purpose without our prior written consent, except as required by applicable laws or by the SEC or any regulatory agencies.

We hereby consent to the filing of the Opinion as an exhibit to the Registration Statement and to the references to this firm under the captions "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" contained in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended.

We express no opinion as to any laws other than the laws of the Federal Republic of Germany and this opinion is to be construed under German law and is subject to the exclusive jurisdiction of the courts of Germany.

The undersigned is admitted to the bar association (*Rechtsanwaltskammer*) in Frankfurt, Germany, and licensed as attorney (*Rechtsanwalt*) in Germany. This opinion is issued by and signed on behalf of GÖRG Partnerschaft von Rechtsanwälten mbB.

Sincerely yours,

/s/ Florian Wolff

Mr. Florian Wolff

Partner/Rechtsanwalt

GÖRG Partnerschaft von Rechtsanwälten mbB

XCHG Limited (the "Company")

Code of Business Conduct and Ethics

Adopted January 31, 2024

Introduction

This Code of Business Conduct and Ethics (the "**Code**") has been adopted by our Board of Directors (the "**Board**") and summarizes the standards that must guide our actions. Although they cover a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation in which ethical decisions must be made, but rather set forth key guiding principles that represent Company policies and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company's business activities, including, but not limited to, relationships with employees, customers, suppliers, competitors, the government, the public and our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our Company's most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

Conflicts of Interest

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole, including those of its subsidiaries and affiliates. A conflict of interest may arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. A conflict of interest may also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
- Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Company from a competitor, customer or supplier.

- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the general counsel or an officer with similar duties and responsibilities of the Company (the "**General Counsel**").

In order to avoid conflicts of interests, senior executive officers and directors must disclose to the General Counsel any material transaction or relationship that reasonably could be expected to give rise to such a conflict, and the General Counsel shall notify the Audit Committee of the Board (the "**Audit Committee**") of any such disclosure. Conflicts of interests involving the General Counsel and directors shall be disclosed to the Audit Committee.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

Quality of Public Disclosures

The Company has a responsibility to provide full and accurate information in our public disclosures, in all material respects, about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the United States Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

Compliance with this Code and Reporting of Any Illegal or Unethical Behavior

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including by subjecting persons who violate its provisions to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require the exercise of judgment or the making of difficult decisions. Employees, officers and directors should promptly report any concerns about a violation of ethics, laws, rules, regulations or this Code to their supervisor or the General Counsel or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee. Interested parties may also communicate directly with the Company's non-management directors through contact information located in the Company's annual report on Form 20-F.

Any concerns about a violation of ethics, laws, rules, regulations or this Code by any senior executive officer or director should be reported promptly to the General Counsel, and the General Counsel shall notify the Audit Committee of any such violation. Any such concerns involving the General Counsel should be reported to the Audit Committee. Reporting of such violations may also be done anonymously through email to the Company at a designated email address for compliance reporting. An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, the Company will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. All employees, officers and directors are required to cooperate in any internal investigations of misconduct and unethical behavior.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The General Counsel of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Audit Committee, and the Company will devote the necessary resources to enable the General Counsel to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code. Questions concerning this Code should be directed to the General Counsel.

The provisions of this section are qualified in their entirety by reference to the following section.

Reporting Violations to a Governmental Agency

Employees have the right under applicable law to certain protections for cooperating with or reporting legal violations to governmental agencies or entities and self-regulatory organizations. As such, nothing in this Code is intended to prohibit any employee from disclosing or reporting violations to, or from cooperating with, a governmental agency or entity or self-regulatory organization, and employees may do so without notifying the Company. The Company may not retaliate against all employee for any of these activities, and nothing in this Code or otherwise requires any employee to waive any monetary award or other payment that he or she might become entitled to from a governmental agency or entity, or self-regulatory organization.

All employees of the Company have the right to:

- Report possible violations of applicable law or regulation that have occurred, are occurring, or are about to occur to any governmental agency or entity, or self-regulatory organization;

- Cooperate voluntarily with, or respond to any inquiry from, or provide testimony before any self-regulatory organization or any other national or local regulatory or law enforcement authority;
- Make reports or disclosures to law enforcement or a regulatory authority without prior notice to, or authorization from, the Company; and
- Respond truthfully to a valid subpoena.

All employees have the right to not be retaliated against for reporting, either internally to the Company or to any governmental agency or entity or self-regulatory organization, information which the employee reasonably believes relates to a possible violation of law. It is a violation of law to retaliate against anyone who has reported such potential misconduct either internally or to any governmental agency or entity or self-regulatory organization. Retaliatory conduct includes discharge, demotion, suspension, threats, harassment, and any other manner of discrimination in the terms and conditions of employment because of any lawful act the employee may have performed. It is unlawful for the company to retaliate against an employee for reporting possible misconduct either internally or to any governmental agency or entity or self-regulatory organization.

Notwithstanding anything contained in this Code or otherwise, employees may disclose confidential Company information, including the existence and terms of any confidential agreements between the employee and the Company (including employment or severance agreements), to any governmental agency or entity or self-regulatory organization.

The Company cannot require an employee to withdraw reports or filings alleging possible violations of national or local law or regulation, and the Company may not offer employees any kind of inducement, including payment, to do so.

An employee's rights and remedies as a whistleblower protected under applicable whistleblower laws, including a monetary award, if any, may not be waived by any agreement, policy form, or condition of employment, including by a predispute arbitration agreement.

Even if an employee has participated in a possible violation of law, the employee may be eligible to participate in the confidentiality and retaliation protections afforded under applicable whistleblower laws, and the employee may also be eligible to receive an award under such laws.

Waivers and Amendments

Any waiver (including any implicit waiver) of the provisions in this Code for executive officers or directors may only be granted by the Board or a committee thereof and will be promptly disclosed to the Company's shareholders. Any such waiver will also be disclosed in the Company's annual report on Form 20-F. Amendments to this Code must be approved by the Board and will also be disclosed in the Company's annual report on Form 20-F.

Trading on Inside Information

Using non-public Company information to trade in securities, or providing a family member, friend or any other person with non-public Company information, is illegal. All non-public, Company information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company's Policy Against Insider Trading, copies of which are distributed to all employees, officers and directors and are available from the General Counsel. You should contact the General Counsel with any questions about your ability to buy or sell securities.

Protection of Confidential Proprietary Information

Confidential proprietary information generated by and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information violates Company policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company’s proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

The provisions of this section are qualified in their entirety by the section entitled “Reporting Violations to Governmental Agencies” above.

Protection and Proper Use of Company Assets

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Loss, theft and misuse of Company assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to a supervisor or the Legal Department.

The sole purpose of the Company’s equipment, vehicles, supplies and electronic resources (including hardware, software and the data thereon) is the conduct of our business. They may only be used for Company business consistent with Company guidelines.

Corporate Opportunities

Employees, officers and directors are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company or any situation in which the employee, officer or director takes away from the Company opportunities for sales or purchases of property, products, services or interests. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Fair Dealing

Each employee, officer and director of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices.

Each employee has an obligation to comply with the anti-corruption and anti-bribery laws of the People's Republic of China and any other regions and countries in which the Company operates. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. In the event of a violation of these provisions, the Company and any employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to, or entertainment of, non-government employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

Practices that are acceptable in a commercial business environment may be against the law or the policies governing national or local government employees. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of a supervisor or the General Counsel.

Except in certain limited circumstances, the United States Foreign Corrupt Practices Act (the "**FCPA**") prohibits giving anything of value directly or indirectly to any "non-U.S. official" for the purpose of obtaining or retaining business. When in doubt as to whether a contemplated payment or gift may violate the FCPA, contact a supervisor or the General Counsel before taking any action.

Equal Opportunity, Non-Discrimination and Fair Employment

The Company's policies for recruitment, advancement and retention of employees forbid discrimination on the basis of any criteria prohibited by law, including but not limited to race, sex and age. Our policies are designed to ensure that employees are treated, and treat each other, fairly and with respect and dignity. In keeping with this objective, conduct involving discrimination or harassment of others will not be tolerated. All employees, officers and directors are required to comply with the Company's policy on equal opportunity, non-discrimination and fair employment.

Compliance with Antitrust Laws

The antitrust laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and the allocation of markets or customers. Antitrust laws can be complex, and violations may subject the Company and its employees to criminal sanctions, including fines, jail time and civil liability. If you have any questions about our antitrust compliance policies, consult the General Counsel.

Political Contributions and Activities

Any political contributions made by or on behalf of the Company and any solicitations for political contributions of any kind must be lawful and in compliance with Company policies. This policy applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

Environment, Health and Safety

We are committed to conducting our business in compliance with all applicable environmental and workplace health and safety laws and regulations. We strive to provide a safe and healthy work environment for our employees and to avoid adverse impact and injury to the environment and the communities in which we conduct our business. Achieving this goal is the responsibility of all officers, directors and employees.

Dealings with the Community

We are committed to being a responsible member of, and recognize the mutual benefits of engaging and building relationships with, the communities in which we operate. Wherever the Company operates, we strive to make a positive and meaningful contribution to the surrounding community and to ensure the distribution of a fair share of benefits to all stakeholders impacted by its activities, including the surrounding community. We strongly encourage our employees to play a positive role in the community.

Doing Business with Others

We strive to promote the application of the standards of this Code by those with whom we do business. Our policies, therefore, prohibit the engaging of a third party to perform any act prohibited by law or by this Code, and we shall avoid doing business with others who intentionally and continually violate the law or the standards of this Code.

Accuracy of Company Financial Records

We maintain the highest standards in all matters relating to accounting, financial controls, internal reporting and taxation. All financial books, records and accounts must accurately reflect transactions and events and conform both to required accounting principles and to the Company's system of internal controls. Records shall not be distorted in any way to hide, disguise or alter the Company's true financial position.

Retention of Records

All Company business records and communications shall be clear, truthful and accurate. Employees, officers and directors of the Company shall avoid exaggeration, guesswork, legal conclusions and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including email and "informal" notes or memos. Records should always be handled according to the Company's record retention policies. If an employee, officer or director is unsure whether a document should be retained, consult a supervisor or the General Counsel before proceeding.

Anti-Money Laundering

We are committed to preserving our reputation in the financial community by assisting in efforts to combat money laundering and terrorist financing. Money laundering is the practice of disguising the ownership or source of illegally obtained funds through a series of transactions to "clean" the funds so they appear to be proceeds from legal activities.

We have adopted measures to reduce the extent to which the Company's facilities, products and services can be used for a purpose connected with market abuse or financial crimes. Additionally, where necessary, we screen customers, potential customers and suppliers to ensure that our products and services cannot be used to facilitate money laundering or terrorist activity. If you have any questions about our internal anti-money laundering process and procedure, consult the General Counsel.

Social Media

Unless you are authorized by the Company, you are discouraged from discussing the Company as part of your personal use of social media. While business should only be conducted through approved channels, we understand that social media is used as a source of information and as a form of communicating with friends, family and workplace contacts.

When you are using social media and identify yourself as a Company employee, officer or director or mention the Company incidentally, for instance on Wexin or professional networking site, please remember the following:

- Never disclose confidential information about the Company or its business, customers or suppliers.
- Make clear that any views expressed are your own and not those of the Company.
- Remember that our policy on Equal Opportunity, Non-Discrimination and Fair Employment applies to social media sites.
- Be respectful of your colleagues and all persons associated with the Company, including customers and suppliers.
- Promptly report to the Company's corporate communications department any social media content which inaccurately or inappropriately discusses the Company.
- Never respond to any information, including information that may be inaccurate about the Company.
- Never post documents, parts of documents, images or video or audio recordings that have been made with Company property or of Company products, services or people or at Company functions or events.

Professional Networking

Online networking on professional or industry sites has become an important and effective way for colleagues to stay in touch and exchange information. Employees, officers and directors should use good judgment when posting information about themselves or the Company on any of these services.

What you post about the Company or yourself will reflect on all of us. When using professional networking sites, you should observe the same standards of professionalism and integrity described in our code and follow the social media guidelines outlined above.

Government Inquiries

The Company cooperates with government agencies and authorities. Forward all requests for information, other than routine requests, to the General Counsel immediately to ensure that we respond appropriately.

All information provided must be truthful and accurate. Never mislead any investigator. Do not ever alter or destroy documents or records subject to an investigation.

Review

The Board shall review this Code annually and make changes as appropriate.

Exhibit 99.2

方達律師事務所

FANGDA PARTNERS

北京 Beijing · 广州 Guangzhou · 香港 Hong Kong · 南京 Nanjing · 上海 Shanghai ·深圳 Shenzhen

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27/F, North Tower, Beijing Kerry Centre
1 Guanghua Road, Chaoyang District
Beijing 100020, PRC

To: **XCHG Limited**

February 1, 2024

Re: Legal Opinion

Dear Sirs,

We are lawyers qualified in the People's Republic of China (the "**PRC**", which, for the purpose of this opinion, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) and, as such, are qualified to issue this opinion on PRC Laws (as defined below).

We are acting as PRC legal counsel to XCHG Limited (the "**Company**"), solely in connection with (A) the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed by the Company with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the proposed initial public offering (the "**Offering**") by the Company of a certain number of the American depositary shares (the "**ADSs**"), each representing a certain number of Class A ordinary shares of par value US$ 0.00001 per share of the Company, and (B) the proposed issuance and sale of the ADSs and the proposed listing and trading of the ADSs on the Nasdaq Stock Market.

As used in this opinion, (A)"**PRC Authorities**" means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC; (B)"**PRC Laws**" means all laws, rules, regulations, statutes, orders, decrees, notices, circulars, judicial interpretations and other legislations of the PRC effective and available to the public as of the date hereof; (C)"**Governmental Authorizations**" means all approvals, consents, waivers, sanctions, certificates, authorizations, filings, registrations, exemptions, permissions, annual inspections, qualifications, permits and licenses required by any PRC Authorities pursuant to any PRC Laws; (D) "**PRC Subsidiary**" means Beijing X-Charge Technology Co., Ltd. (北京智充科技有限公司), a wholly-foreign owned enterprises incorporated under the PRC Laws; and (E) "**M&A Rules**" means the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was issued by six PRC regulatory agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, which has been merged into the State Administration for Market Regulation, the China Securities Regulatory Commission (the "**CSRC**") and the State Administration for Foreign Exchange, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.

In so acting, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of the documents provided to us by the Company and the PRC Subsidiary, and such other documents, corporate records, certificates, Governmental Authorizations and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion, including, without limitation, the certificates issued by the PRC Authorities and officers of the Company (collectively, the "**Documents**").

In reviewing the Documents and for the purpose of this opinion, we have assumed:

(1) the genuineness of all the signatures, seals and chops;

(2) the authenticity of the Documents submitted to us as originals, the conformity with the originals of the Documents provided to us as copies and the authenticity of such originals;

(3) the truthfulness, accuracy, completeness and fairness of all factual statements contained in the Documents;

(4) that the Documents have not been revoked, amended, varied or supplemented except as otherwise indicated in such Documents;

(5) that all information (including factual statements) provided to us by the Company and the PRC Subsidiary in response to our enquiries for the purpose of this opinion is true, accurate, complete and not misleading, and that the Company and the PRC Subsidiary have not withheld anything that, if disclosed to us, would reasonably cause us to alter this opinion in whole or in part;

(6) that all parties other than the PRC Subsidiary have the requisite power and authority to enter into, execute, deliver and perform the Documents to which they are parties;

(7) that all parties other than the PRC Subsidiary have duly executed, delivered and performed the Documents to which they are parties, and all parties will duly perform their obligations under the Documents to which they are parties;

(8) that all Governmental Authorizations and other official statement or documentation were obtained from competent PRC Authorities by lawful means; and

(9) that all the Documents are legal, valid, binding and enforceable under all such laws as govern or relate to them, other than PRC Laws.

I. Opinions

Based on the foregoing and subject to the disclosures contained in the Registration Statement and the qualifications set out below, we are of the opinion that, as of the date hereof, so far as PRC Laws are concerned:

(a) The M&A Rules, among other things, purport to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing of securities through acquisitions of PRC domestic interests held by such PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Offering are subject to the CSRC approval procedures under the M&A Rules. Based on our understanding of the PRC Laws (including the M&A Rules), a prior approval from the CSRC is not required under the M&A Rules for the Offering. However, uncertainties still exist as to how the M&A Rules will be interpreted and implemented and our opinion stated above is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules, and there can be no assurance that the PRC Authorities will not take a view that is contrary to or otherwise different from our opinion stated above.

(b) The statements set forth in the Registration Statement under the heading "Taxation —PRC", to the extent that the discussion states definitive legal conclusions under PRC tax laws and regulations, subject to the qualifications therein, constitute our opinion on such matters.

II. Qualifications

This opinion is subject to the following qualifications:

(a) This opinion is, in so far as it relates to the validity and enforceability of a contract, subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors' rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, or coercionary at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney's fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process.

(b) This opinion is subject to the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.

(c) This opinion relates only to PRC Laws and there is no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect. We express no opinion as to any laws other than PRC Laws.

(d) This opinion is intended to be used in the context which is specially referred to herein and each section should be considered as a whole and no part should be extracted and referred to independently.

This opinion is delivered solely for the purpose of and in connection with the Registration Statement submitted to the U.S. Securities and Exchange Commission on the date of this opinion and may not be used for any other purpose without our prior written consent.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the use of our firm's name under the captions "Prospectus Summary", "Risk Factors", "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Yours sincerely,
/s/ Fangda Partners
Fangda Partners

Exhibit 99.3

01 February 2024

To: **XCHG Limited**

Legal Opinion on XCharge Europe GmbH

Dear Sir or Madam:

1. INTRODUCTION

1.1 General

XCHG Limited, an exempted company incorporated with limited liability in the Cayman Islands (the “**Client**”), the parent company of Beijing X-Charge Technology Co., Ltd. (北京智充科技股份有限公司), a private company limited by shares established under the laws of the People’s Republic of China under the Unified Social Credit Code 911101083397675346, with registered business address at Room 2601, 22F, No.19, East Ma Dian Road, Haidian District, Beijing, China (“**Beijing X-Charge**”), is undertaking an initial public offering (“**IPO**”) in the United States (“**U.S.**”).

In view of the IPO, the Client has instructed GÖRG Partnerschaft von Rechtsanwälten mbB (“**GÖRG**” or “we” or “us”) to conduct certain legal due diligence (“**Due Diligence**”) on XCharge Europe GmbH, a limited liability company established under the laws of the Federal Republic of Germany, registered with the commercial register of the district court of Hamburg under HRB 150660 and with registered business address at Borsteler Bogen 27 b, 22453 Hamburg, Germany (the “**Company**”) on behalf of the addressees of this opinion (the “**Opinion**”) and the Client.

The Client completed certain corporate reorganization transactions prior to the IPO in the course of which Beijing X-Charge transferred its shares in the Company to the Client (“**Restructuring**”).

The Due Diligence of the Company is limited to a specific scope, as agreed between GÖRG and the addressees of this Opinion and the Client and described in this Opinion.

1.2 Purpose of the Opinion

The goal of this Opinion is to provide the addressees of this Opinion and the Client with a legal opinion with respect to the Company’s (i) due incorporation and valid existence and registration of the Company, (ii) the Company’s shareholding structure, (iii) the Company’s ability to distribute dividends, (iv) no insolvency proceedings with respect to the Company and the Company’s assets and (v) accuracy of the disclosure included in the Client’s registration statement on Form F-1, including all amendments or supplements thereto (the “**Prospectus**”), filed by the Client with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the IPO.

The Company was only examined by us to confirm the facts limited to the foregoing scope (i), (ii), (iii), (iv) and (v).

This Opinion may not in any manner be deemed as a recommendation to proceed with the IPO or as a substitution of warranties, obligations to indemnify and/or other contractual guarantees that may be discussed and evaluated within the framework of the IPO.

Please note that although this Opinion has been titled “Legal Opinion”, the use of this term does not adhere to the meaning of “Legal Opinion” as is used and understood under English law. Rather, this Opinion has been issued under German law and entirely subject to the assumptions and limitations herein.

An index of the documents reviewed is attached as **Annex A**.

1.3 Scope of the Opinion

The scope of the Due Diligence and Opinion prepared by us are based on certain limitations as set forth in this Opinion. This Opinion and our Due Diligence is limited to the information and documents that are subject to German law.

As instructed, we have limited our review to the scope as set out in this Opinion only.

The management of the Company has provided a signed confirmation statement ("**Management Confirmation Statement**"). Our Opinion is hence also based with respect to factual matters on such duly signed Management Confirmation Statement, which is attached as **Annex B**.

The review performed by GÖRG is limited to a review of the status of the Company in order to provide this Opinion. In particular, this Opinion, except as explicitly set out hereunder, does not intend to address any other or implicit issue. Except as set forth herein, GÖRG cannot, however, assume responsibility for the completeness and accuracy of the information included in the Prospectus.

This Opinion does not evaluate whether the envisaged IPO is economically viable, has any prospect of success or is commercially reasonable.

1.4 Sources of Information

This Opinion has been compiled from the information provided to us from:

- The official German commercial register portal (https://www.handelsregister.de) as to information available online in the commercial register, such as articles of associations and lists of shareholders;
- The German insolvency announcement portal (https://neu.insolvenzbekanntmachungen.de/ap/);
- The share transfer agreement by which Beijing X-Charge transferred its shareholdings in the Company to the Client in the Restructuring;
- Further documents included in Annex A; and
- The signed Management Confirmation Statement.

Other than the above mentioned sources, we have not used further information sources for our legal review.

1.5 Assumption

The accuracy of this Opinion is dependent on the accuracy and integrity of the information provided by the Company and the Client, in particular the statements made by the management teams of the Company as well as of the excerpts available online in the commercial register, the insolvency announcement portal, articles of associations, lists of shareholders and the share transfer agreement by which Beijing X-Charge transferred its shareholdings in the Company to the Client. It was not within our assignment to evaluate or question the accuracy and integrity of the aforementioned information; therefore, we cannot assume any liability for the accuracy and integrity of such information.

This Opinion has been prepared on the assumption that:

- No relevant information and documents have been withheld from us unless otherwise indicated;

- The information provided by the Company and the Client to us and the excerpts available online in the commercial register, the insolvency announcement portal, articles of associations, lists of shareholders and the share transfer agreement by which Beijing X-Charge transferred their shareholding in the Company to the Client are true, accurate, correct and not misleading;

- All agreements, declarations and documents were duly authorized and were validly executed by the parties thereto (other than the Company) and that the relevant party or parties to them (other than the Company) had all necessary capacity under its or their constitutions to perform such acts without violating Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**").

1.6 Liability

Our liability to third parties is excluded if we have not delivered documents and information including this Opinion to a third party and granted "Reliance" to this third party in writing.

This Opinion is to be construed in accordance with German law and our liability in respect of this Opinion is to be governed exclusively by German law.

1.7 Confidentiality, Disclosure and Reliance

The Opinion may contain information from agreements with third parties subject to confidentiality undertakings. The breach of such undertakings may entitle third parties to terminate their respective agreements as well as to claim damages and other remedies. We have not verified whether the respective contractual parties have given their consent to any compilation, evaluation and release of information.

The contents of this Opinion are confidential. Neither this Opinion nor any of its contents may be disclosed to any person other than the addressees of this opinion, the Client or their respective officers, affiliates, employees or advisors who need to know its contents and who are obliged to keep it confidential, without written consent of a Partner of GÖRG. However, the addressees of this opinion, the Client and their respective advisors may disclose, refer to and/or quote this Opinion and the contents thereof (a) in the Prospectus and other application documents required for the IPO, (b) to the extent required by law or on request of a competent court or authority or (c) in connection with any actual or potential dispute or claim to which they are parties relating to the IPO, including for the purpose of establishing a "due diligence" defense therein.

This Opinion is dated as of 01 February 2024. We have not carried out any further review after this date. The recommendations and notes included in the Opinion refer to the above-mentioned date.

2. Opinion – Legal Due Diligence on XCharge Europe GmbH

2.1 Corporate

a) Due incorporation and valid existence and registration of the Company

The Company is a limited liability company duly incorporated under German law (*Gesellschaft mit beschränkter Haftung*) with the name "XCharge Europe GmbH". It is registered with the commercial register of the district court of Hamburg under HRB 150660 and with registered business address at Borsteler Bogen 27 b, 22453 Hamburg, Germany. The Company has its registered office in Hamburg, Germany. The object of the Company is the sale, design, research and manufacture of chargers with high performance, as well as the provision of software / cloud solutions. The Company is formed for an indefinite period of time.

The latest version of the articles of association dated 03 August 2018 complies with the laws of the Federal Republic of Germany.

The Company is validly existing and in good standing. "Good standing" hereby merely means that it (i) is continuing to exist until the date hereof and (ii) has standing to sue in the courts.

The Company is capable of carrying out business as a legal person under the laws of the Federal Republic of Germany. "Capable of carrying out business" hereby merely means that it can assume rights and obligations.

The Company was founded and registered into the Commercial Register of the local court of Hamburg under HR B 150660 on 9 March 2018 (Notarial Deed No. 2161/2017 of the Notary Public Dr. Alexander Schmidt with his official seat (*Amtssitz*) in Hamburg, the "**Deed of Incorporation**") with a nominal share capital of EUR 25,000 (one share with a nominal value of EUR 25,000). The sole founding shareholder was Beijing X-Charge.

The Deed of Incorporation and the articles of association are in full force and effect under and in compliance with German law. The latest version of the articles of association was registered into the Commercial Register of the local court of Hamburg on 02 January 2019.

The registered business address of the Company was changed from Grevenweg 24, 20537 Hamburg, Germany to Axel-Springer-Platz 3, c/o WeWork, 20355 Hamburg, Germany in 2019. This change has been registered in the Commercial Register on 04 April 2019. The registered business address of the Company was changed to Borsteler Bogen 27 A, 22453 Hamburg, Germany in 2020. This change has been registered in the Commercial Register on 19 March 2020. The registered business address of the Company was changed to Borsteler Bogen 27 b, 22453 Hamburg, Germany in 2022. This change has been registered to the Commercial Register on 04 August 2022.

The name of the Company has not been changed since the time of the incorporation.

b) Shareholding structure of the Company

The Company has a registered share capital (*Stammkapital*) of EUR 25,000 divided into 25,000 shares in the nominal amount of EUR 1.00 each (the "**Shares**"). The Shares have been validly issued and the liability of the Company's shareholders is limited to its share capital contribution thereto.

As of the date hereof, the shareholders' list dated 25 October 2023 (being the most recent shareholders' list of the Company published in the electronic Commercial Register folder kept for the Company) sets out that all Shares of the Company with the consecutive numbers 7,002 to 8,001 and 9,002 to 33,001 are held by the Client. Based on the Management Confirmation Statement, there have not been any other transfers of shares in the Company not reflected in the shareholders' list.

Historically, the original one share (share No. 1) with a nominal value of EUR 25,000 was divided into 25,000 shares with a nominal value of EUR 1.00 each (shares No. 2 to No. 25,001) (Notarial Deed No. 1301/2018 P dated 3 August 2018 of the Hamburg Notary Public Dr. Axel Pfeifer, "**Shareholders' Agreement**").

By way of the same notarial deed, 9,000 of the Shares were validly transferred from Beijing X-Charge to Mr. Zheng Fan (shares No. 2 to No. 7,001), to Ms. Liweilan Ma (shares No. 8,002 to No. 9,001), and to Mr. Benjamin Tange (shares No. 7,002 to No. 8,001). The Shareholders' Agreement additionally contained a fiduciary obligation for Mr. Zheng Fan, who was transferred a further 1,000 of the Shares (shares No. 9,002 to No. 10,001) to hold these Shares as a fiduciary.

The 1,000 Shares (shares No. 9,002 to No. 10,001) which were held by Mr. Zheng Fan as a fiduciary were transferred to Beijing X-Charge on 16 January 2020 (Notarial Deed No. 130/2020 P of the Hamburg Notary Public Dr. Axel Pfeiffer), ending his fiduciary obligation under the Shareholders' Agreement.

The 7,000 Shares held by Mr. Zheng Fan (shares No. 2 to No. 7,001) were redeemed by Beijing X-Charge in accordance with the terms of the Shareholders' Resolution dated 21 February 2020. The validity of the redemption has been confirmed by Mr. Zheng Fan in the court-ordered settlement agreement dated 15 March 2021. Additionally in the same court-ordered settlement, should the redemption not have become effective, Mr. Zheng Fan out of an abundance of caution also transferred his shareholding to the majority shareholder at the time, Beijing X-Charge.

The 1,000 Shares held by Ms. Liweilan Ma (shares No. 8,002 to No. 9,001) were redeemed by Beijing X-Charge in accordance with the terms of the Shareholders' Resolution dated 21 February 2020. We cannot exclude the possibility of courts ruling that the redemption was not effective, should the courts examine the issue. This is owing to the diverse case law regarding redemption ("*Einziehung*") of shares in Germany and uncertainties as regards the service of the invitation to the shareholders' meeting and the minutes of Shareholders' Resolution dated 21 February 2020.

Within the same Shareholders' Resolution dated 21 February 2020, in lieu of the redeemed shares of Mr. Zheng Fan (shares No. 2 to No. 7,001) and the redeemed shares of Ms. Liweilan Ma (shares No. 8,002 to No. 9,001), 8,000 new shares (shares No. 25,002 to No. 33,001) were issued to Beijing X-Charge.

The 1,000 Shares held by Mr. Benjamin Tange (shares No. 7,002 to No. 8,001) have been validly transferred back to Beijing X-Charge in accordance with the terms of the Share Purchase and Assignment Agreement (Notarial Deed No. 03298/2021 P dated 13 December 2021 of the Hamburg Notary Public Dr. Axel Pfeifer), which became effective upon payment of the purchase price by Beijing X-Charge.

Thus, the 7,000 Shares held by Mr. Zheng Fan (shares No. 2 to No. 7,001) were either validly redeemed by Beijing X-Charge or validly transferred to it.

The 1,000 Shares held by Mr. Benjamin Tange (shares No. 7,002 to No. 8,001) were validly transferred to Beijing X-Charge.

As to the 1,000 Shares held by Ms. Liweilan Ma (shares No. 8,002 to No. 9,001), there is some likelihood that they were effectively redeemed, but nothing in this Opinion can be construed to the effect that we confirm the validity of that redemption.

By way of notarial deed dated 12 October 2023, the Shares held by Beijing X-Charge have effectively been transferred on such date to the Client, who is, as of the date hereof, the sole shareholder of the Company. The new shareholders' list dated 25 October 2023 has been published in the Commercial Register kept for the Company on 27 October 2023.

The foregoing chain of title of the Company is based on the share transfer documents made available to us by the Company and reviewed by us. GÖRG cannot assume responsibility and cannot exclude any intermediate or subsequent transfers or encumbrances of Shares that may have taken place or exist outside the scope of the share transfer documents reviewed by us.

2.2 Dividends

Provided that there will be (i) a profit from the Company's operations in any given period, and (ii) such profits have properly been accounted for and included in the duly adopted annual financial statements of the Company, and (iii) a shareholder resolution has been duly adopted on the distribution of such profits, and (iv) the Company is not required by law or shareholders' resolution to withhold such dividends or put up a reserve with respect to these amounts and (v) there is sufficient free liquidity available, the Company has the ability to pay dividends under German law.

2.3 No Insolvency Proceedings

Based on the Management Confirmation Statement, there are no on-going insolvency proceedings with respect to the Company or the Company's assets. As of the date of this Opinion, we did not find any entries of insolvency proceedings with respect to the Company or the Company's assets, neither in the German insolvency announcement portal (https://neu.insolvenzbekanntmachungen.de/ap/) nor in the Commercial Register (*Handelsregister*). In accordance with the scope of this Opinion, we did not check the financial status of the Company, its liquidity or assets and liabilities. In particular, we were not instructed to, and we did not undertake any inquiries, with respect to potential over-indebtedness or lack of liquidity of the Company.

2.4 Accuracy of Disclosure

The statements set forth in the Prospectus under the captions "Enforceability of Civil Liabilities—Germany", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Taxation—Germany", "Regulation—Germany", "Taxation—German Tax Considerations" and "Underwriting—Selling Restrictions—Germany", insofar as they purport to describe or summarize documents governed by German law, matters of German law or the articles of association of the Company, are correct in all material respects.

/s/ Florian Wolff

Mr. Florian Wolff

Partner/Rechtsanwalt

GÖRG Partnerschaft von Rechtsanwälten mbB

Annex B

Legal Due Diligence of XCharge Europe GmbH

Management Confirmation Statement

Exhibit 99.4

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China
Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

Feb 1, 2024

XCHG Limited
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

Re: XCHG Limited

Ladies and Gentlemen,

We understand that XCHG Limited (the "Company") has filed a registration statement on Form F-1 (as may be amended from time to time, the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports (collectively, the "Report"), and any subsequent amendments to the Report, as well as the citation of our Report, (i) in the Registration Statement, (ii) in any written correspondence with the SEC, (iii) in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F, Form 6-K or other SEC filings (collectively, the "SEC Filings"), (iv) on the websites of the Company and its subsidiaries and affiliates, (v) in institutional and retail road shows and other activities in connection with the Proposed IPO, and (vi) in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and as an exhibit to any other SEC Filings.

Yours faithfully,

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

/s/ Charles Lau
Name: Charles Lau
Title: Executive Director

Exhibit 99.5

February 1, 2024

XCHG Limited
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

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of XCHG Limited (the "**Company**"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 initially filed by the Company on February 1, 2024 with the U.S. Securities and Exchange Commission.

Sincerely yours,

/s/ Rodney James Huey

Name: Rodney James Huey

[*Signature Page to Rule 438 Consent*]

Exhibit 99.6

February 1, 2024

XCHG Limited
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

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of XCHG Limited (the "**Company**"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 initially filed by the Company on February 1, 2024 with the U.S. Securities and Exchange Commission.

Sincerely yours,

/s/ Alberto Mendez Rebollo

Name: Alberto Mendez Rebollo

[*Signature Page to Rule 438 Consent*]

Exhibit 99.7

XCHG Limited

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

February 1, 2024

VIA EDGAR

Division of Corporation Finance
Office of Manufacturing
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: XCHG Limited
Registration Statement on Form F-1 (CIK No. 0001979887)
Representation under Item 8.A.4 of Form 20-F

Ladies and Gentlemen:

XCHG Limited is an exempted company incorporated under the laws of the Cayman Islands with limited liability (the "Company"). In connection with the proposed initial public offering of the Company's ordinary shares to be represented by American depositary shares (the "Offering"), the Company is submitting this letter via EDGAR to the Securities and Exchange Commission (the "Commission") in connection with the Company's filing of the above-referenced registration statement on Form F-1 (the "Registration Statement").

Item 8.A.4 of Form 20-F requires that in the case of a company's initial public offering, the registration statement on Form F-1 shall contain audited financial statements as of a date not older than 12 months from the date of the filing.

The Company's Registration Statement contained audited financial statements for the years ended December 31, 2021 and 2022, and the unaudited interim financials for the nine months ended September 30, 2022 and 2023, prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). The Company's audited financial statements for the year ended December 31, 2023 will not be available until late April 2024.

In light of the above, the Company is submitting this letter pursuant to Instruction 2 to Item 8.A.4 of Form 20-F, which provides that "[a] company may comply with only the 15-month requirement in this item if the company is able to represent that it is not required to comply with the 12-month requirement in any other jurisdiction outside the United States and that complying with the 12-month requirement is impracticable or involves undue hardship."

The Company hereby represents to the Commission that:

1. The Company is not required by any jurisdiction outside the United States to comply with a requirement to issue financial statements 12 months after the Company's year end.

2. Compliance with Item 8.A.4 is impracticable and involves undue hardship for the Company.

3. The Company does not anticipate that its audited financial statements for the year ended December 31, 2023 will be available until late April 2024.

4. In no event will the Company seek effectiveness of the Registration Statement if its audited financial statements are older than 15 months at the time of the Offering.

The Company is submitting this letter as an exhibit to the Registration Statement pursuant to Instruction 2 to Item 8.A.4 of Form 20-F.

* * *

Very truly yours,

XCHG Limited

By: /s/ Xiaoling Song
Name: Xiaoling Song
Title: Chief Financial Officer

Exhibit 107

EX-FILING FEES

Calculation of Filing Fee Tables

Form F-1
(Form Type)

XCHG Limited
(Exact Name of Registrant as Specified in its Charter)

Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price (1)	Fee Rate	Amount of Registration Fee
Fees to Be Paid	Equity	Class A ordinary shares, par value US$0.00001 per share (2)	Rule 457(o)			US$50,000,000 (3)	US$0.00014760	US$7,380.00
		Net Fee Due						US$7,380.00

(1) Includes (a) Class A ordinary shares represented by ADSs that may be purchased by the underwriters pursuant to their over-allotment option, and (b) all Class A ordinary shares represented by ADSs initially offered and sold outside the United States that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(2) American depositary shares issuable upon deposit of Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6, as amended. Each American depositary share represents 20 Class A ordinary shares.

(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.