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OVERVIEW

Who We Are

We are dedicated to designing, manufacturing and distributing outdoor leisure and electrified mobility products, with a leading position in the LSEV market. According to Frost & Sullivan, we ranked first by revenue in the global LSEV industry in 2025, with a global market share of approximately 10.9%. Our diversified product portfolio has enabled us to offer practical solutions for outdoor mobility and leisure. Our business spans two segments: (i) E-mobility products, consisting of (a) LSEVs, designed for community and on-site short-distance mobility, and (b) electric two-wheelers, including electric bicycles, electric scooters and electric balance bikes, and (ii) outdoor specialty vehicles, also known as powersports, including ATVs and off-road motorcycles. Our products are designed for short-distance travel within communities, recreational sports, intelligent mobility and specialized operations scenarios.

In 2025, over 97% of our revenue was derived from overseas markets, with the United States as our largest overseas market, contributing to 82.8% of the revenue. Our development is driven by expanding of product range, deepening of our sales network, and promoting brand value. Under this strategy, we strive to continuously refine our existing product portfolio and identify potential business opportunities for future development. Since we launched our LSEV products in 2022, our marketing network and diversified brand portfolio have supported the rapid growth of our LSEV business, with LSEV revenue increasing year on year from RMB78.5 million in 2023 to RMB812.3 million in 2024 and RMB1,957.5 million in 2025.

Since our inception, we have been building a production and operational network with a focus on the United States, with coverage across selected overseas markets. Drawing on more than two decades of our management team’s international operating experience, we have established footprints across North America, Southeast Asia and China with localized production and sales networks in each region. This integrated “China + Southeast Asia + North America” coverage enables us to respond quickly to customer needs, adapt to local regulations and develop products tailored to regional demand, while providing localized sales and after-sales support.

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We have achieved various accomplishments across our principal business areas, as highlighted below.



Notes:

- (1) As measured by revenue in 2025, according to Frost & Sullivan
- (2) Based on the sales data statistics from the December 2025 Production and Sales Express Report published by the Motorcycle Branch of the China Association of Automobile Manufacturers
- (3) From 2023 to 2025
- (4) As of April 30, 2026
- (5) As of the Latest Practicable Date
- (6) For each year/period during the Track Record Period

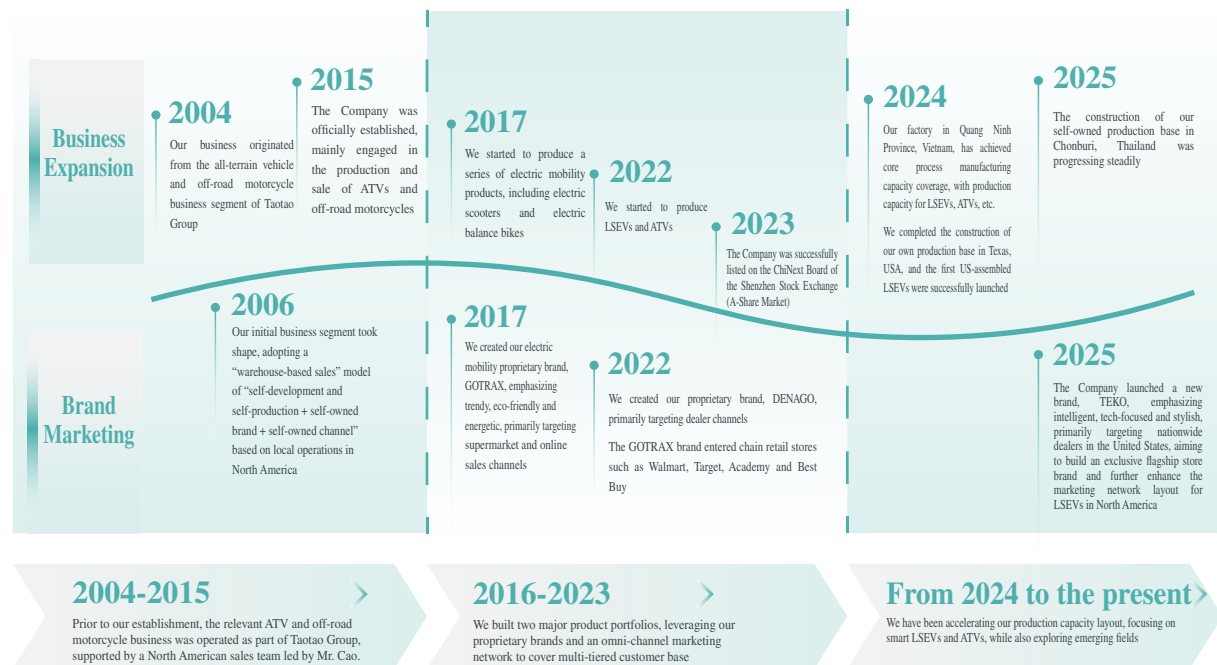
Our Key Development Milestones

Our business origin can be traced back to 2004, when Taotao Group, our primary promoter, began operating business segments focused on ATVs and off-road vehicles. Our Company was established on September 24, 2015, and subsequently, acquired the relevant inventory and machinery equipment from Taotao Group in 2016.

We initially focused on the R&D, production and sales of ATVs and off-road motorcycles. In 2017, we strategically expanded our product portfolio and commenced mass production of electric scooters, electric balance bikes and electric bicycles to capture the emerging opportunities in electrified mobility. In 2022, we further broadened our E-mobility products by launching our LSEV products.

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Over the course of our development, we have achieved a series of milestones in expanding our product portfolio, building our brand matrix and expanding our international operations, as set out below:



Our Brands and Products

Our Brands

We operate a tiered proprietary brand matrix tailored to distinct user segments and channels, comprising DENAGO, GOTRAX, TEK0 and TAO MOTOR. This matrix enables precise coverage of key consumer cohorts and supports brand synergy through differentiated positioning and operations.

- **DENAGO — Premium, Professional, High-Performance.** As one of our principal brands, DENAGO is positioned for E-mobility and powersports through a dedicated dealer network. The brand embodies a commitment to high quality and design, serving consumer demand in key markets. We have elevated DENAGO’s international profile through strategic partnerships with premier sporting events and organizations, including the NBA, Dallas Open, MotoGP, and the PGA Show, which has enabled DENAGO to achieve growth in a competitive market, earning market recognition. The brand also engages in cross-promotional collaborations with consumer brands such as Jack Link’s, enhancing brand recognition and customer loyalty.
- **GOTRAX — Trendy, Eco-Friendly, Energetic.** GOTRAX is our mass-market brand, primarily distributed through large GMS and online channels. Its positioning around modern, eco-conscious, and energetic mobility has attracted a community of over one million E-mobility enthusiasts. GOTRAX electric scooters consistently rank among the top ten best-sellers on Amazon, have repeatedly earned “Amazon Best Seller” and “Amazon’s Choice” designations, and were featured at the top of Walmart’s annual toy list.

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- **TEKO — Intelligent, Tech-Focused, Stylish.** Launched in September 2025, TEK0 is our youngest brand, strategically designed to complement our existing portfolio and deepen our North American market penetration. TEK0 targets national chain dealers through offering products that emphasize intelligent features, functionality, and fashionable design. This brand further refines our marketing network for LSEVs in North America.
- **TAO MOTOR — Practical, Fun, Dynamic.** As an earlier brand that traces back to our founding, TAO MOTOR is positioned around practicality, enjoyment, and dynamic performance. It serves the mass-consumer market with a range of powersports products for daily commuting and outdoor leisure. TAO MOTOR was our first brand to pursue market expansion and remains a practical choice for consumers seeking versatile and reliable mobility solutions.

Our Products

We currently operate two principal business segments: (i) E-mobility products, which consist of (a) LSEVs, (b) electric two-wheelers, comprising electric bicycles, electric scooters and electric balance bikes; and (ii) powersports, leveraging our experience in ATVs and off-road motorcycles. Our core product matrix is set out below:



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Our International Footprint

We operate three principal manufacturing bases in the PRC, Vietnam and the United States. Building on this foundation, we are establishing a multi-regional manufacturing system that features regionalized production and localized supply.

Our three principal manufacturing bases are positioned with distinct roles and complementary functions, enabling us to capture growth opportunities across diverse markets and to serve customers efficiently worldwide.

- Our Texas facility represents our commitment to localized production in the United States, reflecting our strategy to become a U.S. domestic producer, enabling the localization of key components and strengthening our brand image in the North American market.
- In Southeast Asia, our Vietnam plant has already mastered core processes such as frame forming, surface treatment and powertrain assembly.
- Our PRC facilities function as our technology and support center, where we have developed a replicable production model through streamlined processes, integrated systems testing and flexible team structures. In addition to supporting order fulfillment for our key overseas markets, our PRC base also exports proven technologies and management expertise to our overseas operations, ensuring consistency and efficiency across regions.

Market Opportunities

The market opportunities for our product portfolio are driven by international macro trends and diversified application scenarios. Demand is rising across both personal mobility and commercial-use cases, supported by consumer lifestyle changes, environmental awareness and technological innovation.

E-mobility

E-mobility is increasingly viewed as a transportation tool with advantages such as low carbon emission, reduced cost of ownership and ease of parking. Among the sub-categories within the E-mobility, the LSEV market, particularly in the United States, has experienced rapid growth.

LSEVs are a category of “micro-mobility” vehicles designed for specific scenarios such as short-distance community travel, commercial operations, and public services. These vehicles typically have a maximum speed exceeding 20 mph but not more than 25 mph, comply with relevant U.S. low-speed vehicle regulations, and are legally permitted to operate on certain public roads.

The LSEV market, particularly in the United States, demonstrates strong and diversified growth potential. Market demand is driven by two core factors:

- **Policy Support:** A favorable regulatory environment has established the institutional foundation for the adoption of LSEVs, allowing their legal use on golf courses, in gated communities, and on select public roads.
- **Shifting Consumer Trends:** Faced with the high purchasing and operating costs of traditional automobiles, coupled with a growing demand for short-distance travel, the market for economical transportation alternatives is continuously expanding.

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LSEVs are characterized by relatively low acquisition and maintenance costs, ease of operation, and environmental friendliness. These products are intended to address the mobility needs of a range of consumers in the United States, including middle-income consumers and residents of senior communities. They are designed for use in daily activities such as family commutes, shopping, leisure, transporting children, and neighborhood outings, making them an ideal choice as a light mobility product for households. Furthermore, LSEVs have extensive applications in commercial and public service sectors, including tourist attractions, large campuses, golf courses, and security patrols, meeting a variety of operational needs.

Powersports

The global powersports market increased from US\$22.9 billion in 2021 to US\$29.3 billion in 2025 at a CAGR of 6.4%, and is expected to reach US\$38.2 billion in 2030, representing a CAGR of 5.4% from 2025 to 2030, according to Frost & Sullivan. Such rapid growth is supported by dual demand drivers. Recreationally, consumers are increasingly drawn to outdoor leisure, off-road sports and nature exploration. Functionally, powersports such as ATVs are used in agriculture, animal husbandry, emergency response and other specialty operations. The combination of entertainment and utility creates a broad and sustained growth trajectory for the product. For recreational users, zero-emission and quiet operation of electric ATVs can make the outdoor experience more pleasant. For functional applications, the instantaneous torque and intelligent control of electric motors offer efficiency and precision.

Our Financial Highlights

During the Track Record Period, we achieved consistent growth in both revenue and profitability. Our revenue increased from RMB2,144.2 million in 2023 to RMB3,941.4 million in 2025, representing a CAGR of 35.6%. Our net profit amounted to RMB280.5 million, RMB431.3 million and RMB816.3 million in 2023, 2024 and 2025, respectively, representing a CAGR of 70.6%. This growth continued in the four months ended April 30, 2026, during which our revenue increased from RMB958.8 million for the corresponding period in 2025 to RMB1,591.4 million, while our net profit increased from RMB188.8 million to RMB292.1 million for the same period. During the Track Record Period, our net profit margin remained above 10%.

COMPETITIVE STRENGTHS

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

A company dedicated to providing outdoor leisure and electrified mobility solutions

We are a company dedicated to providing outdoor leisure and electrified mobility solutions, with products sold to more than 90 countries and regions. Our international presence is driven by a comprehensive portfolio that covers E-mobility products and powersports, supported by a broad customer base across leisure, mobility and functional-use scenarios. In 2025, our overseas revenue amounted to RMB3,845.7 million, representing approximately 97.6% of our total revenue in 2025. From 2023 to 2025, our revenue recorded a CAGR of 35.6%, while our net profit recorded a CAGR of 70.6%, significantly outpacing the industry average growth, according to Frost & Sullivan. Based on 2025 revenue, we ranked first globally in LSEV, commanding a market share of approximately 10.9%. DENAGO and GOTRAX are our proprietary consumer-facing brands through which we offer e-mobility products in North America.

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Global trends such as the electrification of personal mobility and the upgrading of outdoor leisure consumption are driving demand for high-quality, high-value products such as electric bicycles, LSEVs and ATVs. In addition, emerging scenarios including intra-community travel and specialty operations are creating new markets. With our multi-brand matrix, sales network and supply chain capabilities, we intend to pursue these market opportunities and support the continued development of our business.

Extensive network supporting overseas market penetration

We distribute our products through a combination of online and offline sales channels. Depending on the relevant product and market, these channels are used to support product launches, market introduction, expansion into additional customer segments and ongoing sales. This multi-channel structure enhances brand visibility, broadens market coverage and supports deeper penetration into overseas markets.

- **Key account customers.** Sales through KACs such as major U.S. GMSs and third-party e-commerce platforms help us rapidly scale volumes and expand market share, while serving as a key pathway for building brand awareness. During the Track Record Period, our coverage across GMSs continued to grow. As of the Latest Practicable Date, our products were placed in over 3,400 Walmart stores, over 720 BestBuy stores, over 360 Academy stores, and over 2,000 TSC stores, and were also available in selected Lowe’s stores, among other retail chains. Third party e-commerce platforms KACs as of Latest Practicable Date included Amazon and Walmart. We are also actively expanding into specialty retailers such as TSC and Lowe’s.
- **Dealers.** By maintaining long-term cooperation with quality dealers across the United States, we ensure steady penetration into niche markets. As of December 31, 2025, our dealer network in North America covered 776 dealers.
- **Wholesale customers.** We cooperate with wholesalers to extend our coverage both within and beyond North America on an order-by-order basis.
- **DTC websites.** We operate 14 proprietary DTC websites. Our DTC websites allow us to capture and analyze first-hand consumer data.

Through this multi-channel network, we are able to balance volume growth, brand building and profitability, while achieving resilient and sustainable international market coverage. Multi-tier proprietary brand matrix precisely targeting market segments

We have established a comprehensive brand matrix centered on our four proprietary brands and continue to enhance brand synergies through refined and differentiated positioning. Each brand has a clear identity and complementary strengths, enabling us to serve a wide range of consumer segments:

- **DENAGO.** Positioned around the value proposition of “Premium, Professional, High-Performance,” DENAGO is our principal brand targeting high-end consumers through our dedicated dealer network. It provides practical solutions for customers seeking superior quality, functionality, and performance.
- **GOTRAX.** Emphasizing a “Trendy, Eco-Friendly, Energetic” identity, GOTRAX targets the mass market through online platforms and large supermarkets. It offers E-mobility products in North America, and certain of its products have been displayed with the “Amazon Best Seller” or “Amazon’s Choice” designation on Amazon’s platform.

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- **TEKO.** As our youngest brand, TEK0 is built on the concept of “Intelligent, Tech-Focused, Stylish.” It targets national chain dealers and dedicated brand principal stores, complementing DENAGO and GOTRAX by focusing on tech-savvy North American consumers seeking smart experiences and fashionable design. This brand further strengthens our channel layout in the region.
- **TAO MOTOR.** Positioned around “practical, fun and dynamic,” TAO MOTOR, our heritage brand, leverages our wholesalers and retailers network to penetrate the mass-consumer market rapidly.

In addition, we have established an overseas operations team comprising personnel responsible for marketing and business development. Our overseas operations team conducts product marketing and engages with users through content posted on social media platforms, including Instagram and YouTube.

As a result of this successful brand strategy, revenue contribution from our proprietary brands accounted for over 60% of total revenue for each year/period during the Track Record Period. Given that proprietary brands carry significantly higher gross margins compared with ODM products, the growing contribution of this business structure continues to improve our overall profitability.

Integrated synergies creating structural cost advantages

We have established a systematic cost advantage in production, supported by three mutually reinforcing elements: location benefits, in-house production of core components and intelligent manufacturing.

- **Location benefits.** We operate in the midstream of the industry value chain, where our principal inputs, including steel, aluminum, engine parts, plastic resins, tires, battery cells and controllers, are common and widely available, ensuring stable and cost-effective procurement. Our PRC production base is located in Zhejiang Province within a mature industrial cluster that spans automobiles, motorcycles and components, electric vehicles, metal doors and power tools. The region is characterized by a dense concentration of skilled workers, abundant hardware resources and well-developed supply networks. Leveraging this industrial base, we are able to source raw materials locally, streamline logistics and achieve rapid supply response. This allows us to operate largely on a “procurement-on-demand” basis, which reduces unnecessary inventory, lowers working capital requirements and enhances cost efficiency.
- **In-house production of core components.** Through strategic vertical integration, we have developed in-house R&D and production capabilities for critical, high-value components. These include frames, motors, battery packs, and main cables. Our self-sufficiency rate for these core components exceeds 80%. This high degree of vertical integration provides a stable profit buffer, reduces reliance on external suppliers, and gives us greater control over product quality, the supply chain, and innovation cycles.
- **Intelligent manufacturing.** We continue to invest in the intelligent upgrading of our production facilities. We have introduced automation equipment, laser cutting machines and large injection-molding machines, while also deploying smart microgrid systems and cloud-based energy management platforms to improve energy efficiency. By deploying cloud-based energy management platforms, we can track and benchmark energy use across production lines and equipment in real time, identify savings opportunities and strengthen our energy cost control. For high-value product lines such as LSEVs, we have installed assembly lines, regenerative catalytic oxidation environmental systems to ensure the

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compliance with stringent emission regulations and safety testing equipment. These initiatives enhance product consistency, raise production efficiency and further strengthen our cost-control capabilities.

Multi-regional production footprint supporting deepened operations in core markets

We regard operating efficiency and overseas supply chain optimization as core competitive strengths. We use digital tools and lean management practices to coordinate product development, procurement, manufacturing and sales. These practices support production planning, cost management and order fulfillment and help us respond to changes in customer demand. Our execution capability has been validated across our manufacturing footprint. In the PRC, we rapidly ramped up production of LSEVs and established a highly replicable model built on standardized processes, modularized equipment and flexible teams, which has laid a solid foundation for overseas expansion. In Vietnam, our Southeast Asia hub achieved full-process vertical integration, from frame forming to powertrain assembly, in its first year of operation. In North America, we continued to advance our localization strategy by completing the Texas facility and delivering the first locally assembled vehicle, underscoring our ability to execute cross-border projects efficiently.

In parallel, we have built a comprehensive localized operation team in North America, where we have cultivated the market for nearly two decades. Supported by more than 800 employees as of April 30, 2026, with front-end sales staffed primarily by U.S.-based employees, we organize dedicated sales teams by product, channel and brand, enabling direct engagement with customers and rapid response to market changes. On the manufacturing side, we operate facilities in Texas. The Texas plant has already commenced trial production and delivered its first LSEV, and we are advancing localized production of key components. This integrated local production system enhances supply chain stability, shortens delivery cycles and mitigates risks associated with international trade and geopolitical uncertainties.

Our sales and distribution model in North America is reinforced by warehouse-based operations. We have established centers in Texas, California, Indiana, Florida and Toronto, Canada. By connecting directly with sales channels, this model reduces reliance on third-party logistics, shortens circulation processes and improves delivery efficiency. Flexible inventory allocation and proximity to end-users reduce stock and after-sales parts pressure while easing the burden on channel partners, which in turn strengthens our bargaining power, brand influence and customer experience. Complementing these efforts, we provide precise and efficient pre-sale and after-sale services. For pre-sale, we leverage market insight and local expertise to identify customer needs and industry trends and deliver tailored solutions. For after-sale, we operate dedicated parts warehouses in North America and maintain a coordinated domestic and overseas parts-ordering system, allowing our local teams to respond promptly to customer demand.

Precise market insight driving continuous product upgrades

Leveraging the industry insight of our management team, gained through years of experience in the European and U.S. markets, we have established a market-driven product development system that ensures accurate positioning and supports the continuous expansion and upgrading of our portfolio.

At the early stage of our development, based on insights into the demand among higher-income consumers in Europe and the United States for adventure and family recreation, we focused on small-displacement ATVs of 300cc or below, targeting youth and children with products that balanced safety and sport performance. This strategy quickly established our brand reputation in overseas markets. Building on this foundation, and with a close focus on emerging consumer preferences for individuality, style and modern design among younger generations, we launched electric bicycles, electric scooters and electric balance bikes ahead of the market. In 2017, we successfully entered the electric two-wheeler industry, creating a new engine of growth.

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Based on our operating experience, we identified demand for LSEVs as short-distance mobility products for community and leisure use, particularly in light of automobile ownership costs and the prevalence of short-distance daily trips. With their affordability and safety as low-speed vehicles, they are increasingly viewed as substitutes for a family’s light mobility product. To capture this opportunity, we initiated research and development in 2020 and successfully launched our LSEV line in 2022, positioning ourselves in a high-potential segment.

To further enhance the value and profitability of our product portfolio, since 2023 we have increased R&D investment in core components such as engines and motors. This has enabled us to expand into larger-displacement ATVs with higher technological barriers and stronger pricing power, extending the value chain within our core categories and reinforcing our competitiveness in U.S. markets.

Forward-looking technology innovation driving value creation

Our R&D strategy is centered on electrification, intelligentization and iteration, with the goal of building a technology moat across all product categories and use cases. This strategy supports a continuous migration of our business mix toward higher-value and technology-enabled segments. We have developed an R&D talent system: our PRC team focuses on large-displacement ATVs, LSEV, three-electric systems, which contain battery, motor and electronic control systems that power the vehicle and manage power output, and engines, while our North American team specializes in product design, laying a solid foundation for the expansion of our product lines. Such product design primarily includes (i) user needs-driven product definition informed by local market insights, (ii) industrial and user experience design, and (iii) rapid prototyping and design validation to accelerate design iteration and improve design maturity. For example, Denago Freeland 300FI features a modular 1+1 seat layout (removable backrest to expand cargo space) and user-centric configurations such as a 2,500-lb winch, TFT display and towing receiver, with specific design work covering exterior and interior styling, ergonomic control interfaces, digital cockpit functions, ambient lighting and storage-space arrangements tailored to local user scenarios. The three-electric systems underpin our electrification roadmap by helping us manage costs, enhance supply chain stability and provide the hardware foundation for intelligent functions across our electrified products.

Our core R&D initiatives focus on the following areas:

- ***Technology integration and enhanced user experience for Electrified Mobility.*** For LSEV, we have completed four rapid iterations within two years, upgrading from lead-acid to lithium battery models and expanding from multi-seat layouts to specialized camping carts. The rapid-iteration capability enables us to respond quickly to evolving customer needs and use cases, shorten product development cycles and improve product-market fit in the LSEV segment. By integrating automotive-grade technologies such as CAN bus communication, EPS steering systems, IoT connectivity and OTA remote upgrades to enhance product quality, durability and user experience, supporting the positioning of our proprietary brands, and by equipping products with large-format interactive displays, we have enhanced both product intelligence and the user experience. In addition, our self-developed in-vehicle smart platform provides strong support for future feature upgrades. The platform integrates in-vehicle functions such as vehicle control, navigation, entertainment and information interaction (for example, via large-format in-vehicle displays), and serves as a foundation for future OTA-based feature upgrades and value-added services. For electric bicycles, electric scooters and electric balance bikes, we continue to develop and update our technologies and product performance in these markets.

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- ***Development of powertrains and specialty vehicle products.*** While continuing to offer small-displacement ATVs of 300cc or below, we are developing larger-displacement models ranging from 350cc to 700cc, together with supporting engines with higher power output. We are also incorporating four-wheel drive systems, steering technologies and TFT digital displays, as well as functions such as OTA upgrades and smart displays, into certain ATV and UTV models to expand their functionality and our product offerings.
- ***Building future competitiveness for emerging technologies.*** Our approach is not simply to enter new industries, but to develop technologies that incorporate capabilities, including sensing, decision-making and control algorithms, and apply them across our existing product lines. This allows us to drive intelligent generational upgrades across the portfolio. To accelerate this strategy, we are implementing a dual-platform R&D model consisting of our domestic research institute at our headquarter and an overseas R&D team in the United States, linking international talent and technology resources.

Experienced management team with relevant overseas experience

As we expanded our overseas operations, we adopted management practices and established a corporate governance framework to facilitate coordination across jurisdictions, clarify management responsibilities, and support the day-to-day operation, decision-making and oversight of our business.

Throughout our development, our founder and chairman, Mr. Cao, has demonstrated industry experience and insight into European and U.S. markets. He has set the direction of new product development and focused on building sales channels and developing markets. We have also established a core management team with extensive experience. The key members of our team have expertise in outdoor leisure and electrified mobility solutions, combining industry knowledge with a forward-looking international perspective. Together, they have experience in product R&D, international market expansion and supply chain management.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Expand and upgrade our product portfolio

We will continue to enrich and upgrade our product portfolio, centered on our core R&D strategy of “Electrification, Intelligentization, and Iteration,” to capture growth opportunities across diversified use scenarios. Our goal is to build a comprehensive product portfolio that serves all age groups, from children to seniors, and addresses a wide range of personal and family mobility needs, thereby driving our business mix toward high-end segments.

In the E-mobility sector, we intend to further develop our LSEV consumer offerings and explore commercial applications to better address customer needs in North America. In the powersports sector, we will focus on advancing our proprietary engine development and the electrification of specialty vehicles. These initiatives will enhance our in-house R&D capabilities and provide the core technological support needed to complete our all-scenario mobility portfolio.

Deepen and expand our sales network

We will continue to deepen our integrated sales network to enhance our market coverage and penetration. In the near term, our primary focus is the expansion of our dealer network. We will actively partner with leading international dealers, such as Cart Mart, Mission Golf Cars, and Bert’s Mega Mall, to elevate the quality of our channels and strengthen our position in the U.S. market, which

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will further enhance our brand influence. Concurrently, we will deepen our strategic partnerships with major chain retailers such as Walmart, Target, Academy, Best Buy, and TSC, driving the introduction of multiple product categories to increase our penetration and performance within these core retail systems. In our online channels, we will consolidate our resources in major e-commerce platforms such as Amazon, while refining the operations and user experience of our proprietary DTC websites to achieve comprehensive growth across all online avenues.

Elevate brand value

By implementing our operational strategies, we will continuously enhance the value of our proprietary brands. Looking ahead, we will build a brand operating model that is highly responsive to market demands, using consumer scenarios as our guide to precisely meet diverse needs and upgrade our role from simple product delivery to value co-creation with our customers.

To support this, we will integrate online and offline resources to build a multi-dimensional brand communication system, including online channels such as social media and e-commerce, and offline channels such as industry exhibitions (e.g., PGA trade shows) and our dealer network, leveraging global new media platforms and top-tier sporting events and exhibitions to increase our brand exposure. Through celebrity endorsements, scenario-based marketing, and corporate social responsibility initiatives, we will strengthen the emotional connection and reputation of our brands. We will continue to increase our investment in brand building, assembling professional teams to develop sophisticated content and regional communication strategies tailored to different user communities, thereby converting brand awareness into brand loyalty. By leveraging data-driven user engagement and optimizing our marketing investments, we will ensure the efficient conversion of brand resources and solidify our brand influence in the international market.

Strengthen manufacturing footprint and deepen supply chain localization

We will continue to optimize our “China + Southeast Asia + North America” tripartite production layout. Key initiatives include advancing the construction of our new factory in Thailand to expand our manufacturing capacity in Southeast Asia and pursuing the U.S. domestic producer for our North American market. Furthermore, we will leverage the highly efficient and replicable production models and management expertise developed at our China base to provide timely technical and operational support for our overseas expansion.

We will deepen our supply chain layout based on the principle of “regionalized production, localized sourcing”. A core element of this strategy is to advance the local production of key components within the North American market, with the goal of establishing a complete, vertically integrated local system that spans from parts manufacturing to final vehicle assembly. This initiative is designed to guarantee supply chain stability, shorten delivery cycles, and effectively mitigate risks associated with international trade.

Drive forward-looking technology innovation

Our R&D activities will continue to focus on “Electrification, Intelligentization, and Iteration.” In the near term, we plan to incorporate technologies such as IoT connectivity and OTA upgrades into selected existing products, including LSEVs, to expand their functionality. We also intend to develop technology platforms that may be applied across multiple product categories. These platforms are intended to enable us to apply sensing and control algorithms across our core business, driving a generational, intelligent upgrade across our entire product line.

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As a company focused on electrified mobility and intelligent product upgrades, we aim to build a recognized brand in new energy intelligent mobility. We are focused on becoming the leader in the LSEV industry, guided by technological innovation and market demand, and are advancing a strategy led by “Electrification + Intelligentization” to continuously cultivate new engines of growth. At the same time, we are expanding our dealer network and actively promoting our overseas production layout. Through this manufacturing footprint, we will steadily advance the international presence of our proprietary brands, striving to become a company characterized by stable operations, sustainable growth, and high-quality development that creates long-term value for society.

While continuing to develop our E-mobility products and powersports products, we plan to develop power generation equipment integration and service business, with a view to providing diversified power solutions to data centers, residential customers and other customers in North America. As of the Latest Practicable Date, this business remained at a nascent stage of development. We were developing related technical and operational capabilities in the United States and China and had purchased certain gas turbine engine cores, begun planning for production facilities in the United States and held preliminary discussions with certain cloud service providers and data center developers in North America. We had not commenced production or sales, generated any revenue from this new business or entered into any agreement or memorandum of understanding with potential customers. Going forward, we plan to continue to advance our R&D, component procurement, production capacity planning and market development activities.

OUR BRANDS AND PRODUCTS

Our products encompass two main segments: (1) E-mobility products and (2) powersports. Our E-mobility products include LSEVs, and electric two-wheelers such as electric bicycles, electric scooters and electric balance bikes. Our powersports include ATVs and off-road motorcycles. These products are designed for leisure sports, smart mobility, and specialty operations. Our products exhibit certain consumer product features, characterized by short replacement cycles and rapid technology iteration. We possess strong advantages in iteration and application of new technologies. The R&D cycle for LSEVs is typically only 1–2 years, which is significantly shorter than the 3–5 years required for traditional fuel-powered vehicles, enabling faster adoption and mass production of new technologies. This rapid iteration capability allows us to better align with end-user demand for continuous upgrades in exterior design, functional enhancements and intelligent configurations. Meanwhile, LSEVs, as durable consumer goods, typically have a replacement cycle of approximately 3–5 years, which is similar to two-wheelers and powersports products, according to Frost & Sullivan.

We have established a holistic brand matrix centered on four of our core proprietary brands: DENAGO, GOTRAX, TEK0 and TAO MOTOR. For details, see “— Our Brands and Products.”

Brand				
Introduction	Principal brand targeting high-end consumers	Mass-market brand primarily distributed through large GMS and online channels	Our youngest brand targeting tech-savvy and fashionable consumers	Our heritage brand positioned around functionality
Product Category	<ul style="list-style-type: none"> E-mobility products Powersports 	<ul style="list-style-type: none"> E-mobility products Powersports 	<ul style="list-style-type: none"> E-mobility products 	<ul style="list-style-type: none"> Powersports
Brand Positioning	<ul style="list-style-type: none"> Premium Professional High-Performance 	<ul style="list-style-type: none"> Trendy Eco-Friendly Energetic 	<ul style="list-style-type: none"> Intelligent Tech-Focused Stylish 	<ul style="list-style-type: none"> Practical Fun Dynamic

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In addition to our four core proprietary brands set out above, through our acquisition of Champion Holdings in December 2025, we obtained control over the “Racka” trademark owned by Champion Motorsports. As a result, Racka has become an additional proprietary brand owned by our Group following the Acquisition. We did not acquire ownership of the “COLEMAN” or “MADDOG GEAR” trademarks or trade names. Instead, we acquired Champion Motorsports’ contractual rights, as licensee, to use the “COLEMAN” brand in connection with specified vehicles and related products in the United States and Canada and the “MADDOG GEAR” brand in connection with specified powersport accessories in the United States. Currently, the products marketed and sold by Champion Motorsports under these proprietary and licensed brands principally comprised golf carts and ATVs, together with related powersports accessories. We continue to focus primarily on developing our own proprietary brands, while the business conducted under the “Racka,” “COLEMAN” and “MADDOG GEAR” brands, which accounted for 11.4% of our total revenue for the four months ended April 30, 2026, remains relatively limited in scale compared with our overall business.

The following table sets forth a breakdown of our revenue, sales volume and ASP by products for the periods indicated.

	Year ended December 31,									Four months ended April 30,					
	2023			2024			2025			2025			2026		
	Revenue	Sale	ASP	Revenue	Sale	ASP	Revenue	Sale	ASP	Revenue	Sale	ASP	Revenue	Sale	ASP
	Amount	Volume		Amount	Volume		Amount	Volume		Amount	Volume		Amount	Volume	
	RMB'000	units	RMB'000 per unit	RMB'000	units	RMB'000 per unit	RMB'000	units	RMB'000 per unit	RMB'000	units	RMB'000 per unit	RMB'000	units	RMB'000 per unit
	(Unaudited)														
E-mobility products:															
LSEVs	78,500	2,367	33.2	812,304	20,701	39.2	1,957,465	44,461	44.0	427,496	9,653	44.3	969,772	20,001	48.5
Electric bicycles . .	164,833	35,331	4.7	231,052	64,864	3.6	178,416	55,099	3.2	35,177	8,247	4.3	74,736	26,370	2.8
Electric scooters . .	718,092	450,990	1.6	600,884	392,084	1.5	474,318	375,033	1.3	120,492	74,420	1.6	103,639	71,216	1.5
Electric balance bikes	295,658	492,880	0.6	199,012	350,137	0.6	123,875	246,016	0.5	28,555	52,016	0.5	20,357	40,625	0.5
Other E-mobility ⁽¹⁾ .	21,519	6,393	3.4	44,571	13,764	3.2	53,185	25,172	2.1	20,826	6,749	3.1	24,257	9,183	2.6
Subtotal	1,278,602	987,961	1.3	1,887,823	841,550	2.2	2,787,259	745,781	3.7	632,546	151,085	4.2	1,192,761	167,395	7.1
Powersports:															
ATVs	620,427	121,090	5.1	737,818	127,173	5.8	754,722	129,748	5.8	221,201	40,758	5.4	262,534	41,528	6.3
Off-road motor cycles	122,560	42,977	2.9	186,796	62,520	3.0	187,881	62,089	3.0	69,360	23,482	3.0	79,948	19,071	4.2
Subtotal	742,987	164,067	4.5	924,614	189,693	4.9	942,603	191,837	4.9	290,561	64,240	4.5	342,482	60,599	5.7
Others ⁽²⁾	122,657	753,426	0.2	164,192	1,523,533	0.1	211,568	2,625,751	0.1	35,738	339,282	0.1	56,180	445,722	0.1
Total	2,144,246	1,905,454	1.1	2,976,629	2,554,776	1.2	3,941,430	3,563,369	1.1	958,845	554,607	1.7	1,591,423	673,716	2.4

Notes:

- (1) Other E-mobility mainly included electric ATVs and electric off-road motorcycles, such as GOTRAX K2 ELECTRIC DIRT BIKE and GOTRAX EVEREST ELECTRIC DIRT BIKE.
- (2) Others mainly included sales of accessories and helmets.

During the Track Record Period, our product mix shifted materially toward higher-value E-mobility products, in particular LSEVs, while the relative contribution of our traditional lower-priced E-mobility products declined. This shift was driven primarily by the rapid commercialization and scaling of our LSEV business following its launch, the continued upgrade of our LSEV product portfolio, including the introduction of higher-end models, the expansion of application scenarios for

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LSEVs, and the continued build-out of our dealer network and channel penetration in North America. The ASP of our LSEVs increased during the Track Record Period, which was attributable not only to the continued upgrade of our product mix toward higher-value models, but also to the growing market recognition and acceptance of our LSEV products, together with increases in the selling prices of certain LSEV products. In particular, we continued to launch and promote higher-value LSEV models and variants, including front-facing four-seaters, 4+2-seaters, front-facing six-seaters and panoramic camping carts, such as DENAGO EV CITY, DENAGO EV ROVER XL6 and TEK0 EV TRIUMPH, which generally command higher selling prices and contributed to the increase in ASP of our LSEVs.

At the same time, our traditional mass-market E-mobility products remained important volume contributors, but their share of total sales volume decreased as we gradually shifted our business focus toward LSEVs, which we believe offer higher growth potential and stronger pricing. The ASPs of certain E-mobility products (excluding LSEVs), particularly electric bicycles and electric scooters, declined during the Track Record Period, in response to intensified market competition and reductions in selling prices of comparable products by certain competitors, in order to maintain the competitiveness of our products and market share. In particular, revenue from LSEVs increased from RMB78.5 million in 2023 to RMB812.3 million in 2024 and further to RMB1,957.5 million in 2025, and from RMB427.5 million for the four months ended April 30, 2025 to RMB969.8 million for the corresponding period in 2026, resulting in LSEVs accounting for an increasing proportion of our total revenue. Accordingly, although revenue from powersports increased in absolute terms, its contribution to our total revenue decreased from 34.7% in 2023 to 31.1% in 2024 and 23.9% in 2025, and from 30.3% for the four months ended April 30, 2025 to 21.5% for the corresponding period in 2026. As a result of these changes, although our total sales volume did not increase in line with revenue, our blended ASP increased significantly, reflecting a higher proportion of sales from LSEVs and other higher-value products. This mix improvement was a key driver of our revenue growth during the Track Record Period, as it enabled revenue to grow faster than unit sales and supported the overall enhancement of our quality of sales.

The following table sets forth a breakdown of our revenue, sales volume and ASP by proprietary brand and ODM products for the periods indicated.

	Year ended December 31,									Four months ended April 30,					
	2023			2024			2025			2025			2026		
	Revenue Amount	Sale Volume	ASP	Revenue Amount	Sale Volume	ASP	Revenue Amount	Sale Volume	ASP	Revenue Amount	Sale Volume	ASP	Revenue Amount	Sale Volume	ASP
	RMB'000			RMB'000			RMB'000			RMB'000			RMB'000		
	RMB'000	units	per unit	RMB'000	units	per unit	RMB'000	units	per unit	RMB'000	units	per unit	RMB'000	units	per unit
Proprietary brands	1,349,354	1,253,812	1.1	1,848,009	1,809,592	1.0	2,877,990	2,876,248	1.0	617,182	377,321	1.6	1,411,654	457,392	3.1
ODM	782,106	651,642	1.2	1,104,605	745,184	1.5	1,032,963	687,121	1.5	338,821	177,286	1.9	174,671	216,324	0.8
Others ⁽¹⁾	12,586	N/A	N/A	24,015	N/A	N/A	30,477	N/A	N/A	2,842	N/A	N/A	5,098	N/A	N/A
Total	2,144,246	1,905,454	1.1	2,976,629	2,554,776	1.2	3,941,430	3,563,369	1.1	958,845	554,607	1.7	1,591,423	673,716	2.4

Note:

(1) Others mainly includes sales of scrap materials and lease income.

During the Track Record Period, the sales volume of our ODM products increased from approximately 652 thousand units in 2023 to approximately 745 thousand units in 2024, and decreased to approximately 687 thousand units in 2025. The increase in 2024 was primarily attributable to the increase in sales volume of other products, including helmets and accessories, partially offset by the decrease in sales volume of certain product categories with higher sales volume, such as electric scooters and off-road motorcycles. The decrease in 2025 was mainly due to reduced purchases of

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helmets and accessories by certain ODM customers in Russia and Mexico as a result of intensified competition in their respective markets. The ASP of our ODM products increased from RMB1.2 thousand per unit in 2023 to RMB1.5 thousand per unit in 2024 and 2025, respectively. The significant increase in 2024 was primarily due to the optimization of product mix, in particular the increase in sales contribution from higher-priced product categories, including electric bicycles and LSEVs, as well as the increase in sales volume of LSEVs. During the Track Record Period, the sales volume of our branded products increased significantly from approximately 1.3 million units in 2023 to approximately 1.8 million units in 2024 and further to approximately 2.9 million units in 2025, due to the increase in sales volume of accessories. The ASP of our branded products increased from RMB1.6 thousand per unit in the four months ended April 30, 2025 to RMB3.1 thousand per unit in the four months ended April 30, 2026, while the ASP of our ODM products decreased from RMB1.9 thousand per unit to RMB0.8 thousand per unit during the same periods. These movements primarily reflected the increased contribution of higher-priced LSEVs to our branded-product sales and changes in the customer and product mix of our external ODM business following the Acquisition.

Prior to the Acquisition, Champion Motorsports was an external ODM customer, and our sales to Champion Motorsports, principally comprising LSEVs and powersports products, amounted to RMB179.5 million in the four months ended April 30, 2025. Following the Acquisition, supplies by our manufacturing entities to Champion Motorsports became intra-group transactions and were eliminated upon consolidation, while Champion Motorsports’ onward sales to downstream third-party customers were recorded as external U.S. domestic sales under our branded products. Accordingly, Champion Motorsports’ post-Acquisition revenue contribution was reflected in our branded-product revenue rather than our ODM revenue. As the eliminated sales comprised a substantial proportion of higher-priced ODM products, our remaining external ODM sales mix shifted toward lower-priced products. Consequently, despite an increase in ODM sales volume from approximately 177 thousand units in the four months ended April 30, 2025 to approximately 216 thousand units in the corresponding period in 2026, our ODM revenue and ASP decreased, primarily reflecting the change in product mix rather than a general decrease in the selling prices of comparable ODM products.

E-mobility Products

LSEVs

LSEVs are four-wheeled electric vehicles designed for short-distance transportation and neighborhood mobility. Under U.S. federal regulations, low-speed vehicles generally refer to four-wheeled motor vehicles with an attainable speed exceeding 20 miles per hour but not more than 25 miles per hour and a gross vehicle weight rating of less than 3,000 pounds and, subject to applicable state and local laws, may generally be operated on public roads with relatively low posted speed limits. As a vehicle category distinct from conventional passenger motor vehicles, LSEVs are designed and regulated primarily for low-speed, local travel, with powertrains and battery configurations generally suited to short-range neighborhood and community use rather than highway driving, long-distance travel or other higher-speed use cases, and are subject to a safety framework that differs from the more comprehensive crashworthiness and occupant protection requirements applicable to conventional passenger motor vehicles. Building on our upgraded 2+2-seat series, we have expanded our LSEV offering to include higher value-added variants such as front-facing four-seaters, 4+2-seaters, front-facing six-seaters and panoramic camping carts. These application scenarios primarily involve short-distance mobility in residential communities, master-planned neighborhoods, campuses, resorts and other low-speed environments, where compact vehicle size, parking efficiency and potentially lower acquisition and operating costs may be relevant considerations relative to conventional passenger vehicles. Based on our current brand strategy, our LSEV products are marketed under the DENAGO and TEK0 brands, forming a dual-brand portfolio with differentiated positioning and a coordinated pricing architecture. We have also sought to strengthen brand recognition through participation in professional exhibitions and selected sports-related marketing collaborations.

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Our LSEVs are increasingly adopted by individual and household users as neighborhood electric vehicles for short-distance transportation. We primarily target the consumer market, which underscores the strong consumer-oriented nature of our products. We believe our LSEVs serve primarily as a complementary mobility solution and, in certain short-distance scenarios, a practical alternative to the use of conventional passenger vehicles for local trips such as nearby commuting, shopping, school drop-off and pick-up and leisure travel. Typical users include residents of large residential communities and master-planned neighborhoods, retirees, families with school-age children, and other short-distance commuters. According to Frost & Sullivan, a growing number of consumers in North America use LSEVs for daily mobility within residential and community environments, reflecting the growing trend of LSEVs being adopted as personal transportation vehicles rather than solely for recreational or golf-related purposes. In addition to individual and household uses, our LSEVs have also been adopted by enterprise customers, including resorts, universities and major theme parks in the United States.



For our LSEV products marketed for road use in the United States and classified as low-speed vehicles, we configure the relevant models to meet the applicable requirements under FMVSS No. 500, for detailed regulatory requirement under FMVSS No. 500, please see “Regulatory Overview — U.S. Laws Regulations and Policies”. Our selected LSEV models are configured for low-speed, short-distance use, with a maximum speed of approximately 40 km/h, which is lower than 25 mph. These products are intended for use on permitted local roads and in community environments, and their operation on public roads is subject to applicable state and local requirements, including registration, licensing, insurance, permitted road access and posted speed limits.

The following sets forth the selected key features of certain of our LSEVs.

Illustrations	Recommended retail price (US\$)	Key specifications and features
	16,500	(i) motor rated power: 5,000–6,300 W;
		(ii) maximum speed: 40 km/h;
		(iii) range (per charge): 55–120 km;
		(iv) load capacity: 400–600 kg;
		(v) energy system: mainly assembled lithium battery;
	12,995	(vi) chassis and control: four-wheel structure with low center of gravity, minimum turning radius ≤ 6.7 m, equipped with accelerator pedal, brake pedal and steering wheel/handlebar, providing agile and stable control.
DENAGO EV CITY		
TEKO EV TRIUMPH		

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Electric Two-Wheelers

Our electric two-wheelers primarily include electric bicycles, electric scooters and electric balance bikes.

Electric Bicycles

Our electric bicycles mainly consist of the DENAGO and GOTRAX series, a trendy and energetic brand line. All DENAGO electric bicycle products are UL2849 and UL2271 certified, among which the Hunting 1 all-terrain mountain bike delivers 1,000W peak power with a dual-battery system for up to 120 km of range. Our electric bicycles are pedal-assist bicycles, combining traditional cycling with electric power assistance. They are mainly used for urban commuting, leisure fitness and outdoor sports.

The following sets forth the selected key features of certain of our electric bicycles.

Illustrations	Recommended retail price (US\$)	Key specifications and features
	3,199	(i) motor system: pedal-assist, rated power ≤ 620 W; (ii) maximum speed: 45 km/h; (iii) range (per charge): 38–120 km; (iv) battery type: lithium battery;
	1,799	(v) vehicle net weight: 20–40 kg; (vi) sensor type: cadence/torque sensors; (vii) functional features: support for manual riding without electric assistance.
DENAGO EXC2		
DENAGO COMMUTE1		

Electric Scooters and Electric Balance Bikes

Our electric-scooter portfolio spans the full range from daily commuting to professional competition. As of December 31, 2025, we ranked among leading sellers on Amazon; in Walmart, our RIVAL brand remains a top performer through seasonal promotions. Our electric scooters are personal mobility products built on the chassis architecture of traditional kick scooters and equipped with electric powertrains. They are primarily intended for leisure, recreational and short-distance transportation use and are commonly used in parks, amusement venues and other short-range mobility settings, particularly in developed markets such as Europe and the United States.

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The following sets forth the selected key features of certain of our electric scooters.

Illustrations	Recommended retail price (US\$)	Key specifications and features
	1,799	(i) wheel diameter: 6–10 inches; (ii) motor rated power: 800–1,000 W; (iii) maximum speed: 25–60 km/h; (iv) load capacity: 120 kg; (v) range (per charge): 35–55 km; (vi) aluminum-alloy body with fully concealed internal cabling;
	1,999	(vii) easy operation, strong braking performance and enhanced safety; children’s models adopt a dual foot-actuated safety switch to improve riding safety; and (viii) on selected models, an integrated anti-theft lock, extra-wide deck and/or telescopic foldable stem, with mobile-app connectivity for real-time status monitoring, settings and smart-lock functionality.
GOTRAX GX2		
GOTRAX GX3		

Our electric balance bikes are two-wheeled self-balancing electric mobility products with the wheels arranged side-by-side. Their operation is controlled by shifts in the rider’s center of gravity, which enables movement, acceleration, deceleration and stopping. They are primarily intended for leisure, recreational and short-distance transportation use, including daily short trips.

The following sets forth the key features of our electric balance bikes.

Illustrations	Recommended retail price (US\$)	Key specifications and features
	149.99	(i) wheel diameter: 6.5–8 inches; (ii) motor rated power: 200–250 W; (iii) maximum speed: up to 6.2 mph; (iv) range (per charge): approximately 12–15 km;
	179.99	(v) housing: high-strength PC alloy; (vi) self-balancing capability with an intelligent safety management system, including over-current, short-circuit, over-charge, temperature and cell-balancing protections.
GOTRAX MARS MAX		
GOTRAX TRINITY MAX		

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Powersports

Our powersports consist of ATVs and off-road motorcycles, all of which are fuel-powered models. According to Frost & Sullivan, powersports with smaller engine displacement are generally used for personal leisure and recreational purposes, and customers’ purchase demand for such products is less sensitive to fuel price fluctuations. As our fuel-powered powersports products generally have engine displacement below 400cc, we did not observe any material impact on the market demand for our products as a result of recent geopolitical tensions during the Track Record Period and up to the Latest Practicable Date.

ATVs

Our ATV business serves North America and other overseas markets. In North America, our sales have recovered due to product iteration and optimization of dealer network. In markets outside North America, sales have reached record highs. Core ATV models for the North American market include 125 cc series. We primarily produce small-displacement ATVs for leisure and recreational use. Based on engine displacement and product configuration, our ATVs are classified into the following categories: (i) youth models, which typically have an engine displacement of no more than 125 cc and are primarily intended for children and adolescents; and (ii) utility models, which are typically equipped with front and rear cargo racks and are designed to provide enhanced ground clearance and off-road capability.

The following sets forth the selected key features of certain of our ATV models.

Illustrations	Recommended retail price (US\$)	Key specifications and features
	—	(i) engine displacement: 169–322.5 cc; (ii) maximum speed: 60–95 km/h; (iii) load capacity: 150–230 kg; (iv) braking deceleration: ≤ 5.9 –7 m/s; and (v) reduced vehicle structural resonance frequency to approximately 40 Hz, effectively enhancing ride comfort.
	—	

Note: As of the Latest Practicable Date, 350CC ATV and TITAN 250 are ODM products manufactured for customers on a customized basis. We do not determine or participate in the setting of terminal retail prices for such products.

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Off-road Motorcycles

As one of our earlier entries into the North American market, off-road motorcycles have been favored by local consumers for its cool and trendy appeal. Off-road motorcycles are designed for use on closed-course off-road tracks and other non-public-road venues in connection with motorcycle sports and all-terrain racing.

The following sets forth the selected key features of certain of our off-road motorcycle models.

Illustrations	Recommended retail price (US\$)	Key specifications and features
 <p>TAOMOTOR MX4 GASOLINE DIRT BIKE</p>	Approximately 320	<ul style="list-style-type: none"> (i) engine displacement: 50–150 cc; (ii) maximum speed: 60–80 kilometers, or 37.3-49.7miles, per hour; (iii) load capacity: 75–150 kg; (iv) braking deceleration: ≤ 5.88 m/s; (v) simple and robust architecture for easier field maintenance and repair; and (vi) high ground clearance with strong off-road passability, adaptable to varied and complex terrain.
 <p>TAOMOTOR DB20 GASOLINE DIRT BIKE</p>	Approximately 280	

OUR SALES NETWORK AND CUSTOMERS

Our Sales Network

We have established a broad sales network for our products, comprising (i) our distribution network, which includes (1) KACs comprising GMS and third-party e-commerce platforms such as Amazon, (2) dealers with whom we have entered into standing distribution agreements and (3) wholesale customers, who place bulk purchase orders with us on an order-by-order basis, and (ii) direct sales through our self-operated DTC websites and our ODM business.

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The following table sets forth a breakdown of our revenue by sales channels for the relevant periods indicated.

	Year ended December 31,						Four months ended April 30,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Distribution Network:								
KACs ⁽¹⁾	748,004	34.9	837,075	28.1	652,030	16.5	328,233	20.6
Dealers ⁽²⁾	262,482	12.2	711,528	23.9	1,847,925	46.9	962,520	60.5
Wholesale customers ⁽³⁾	29,897	1.4	75,373	2.6	114,720	2.9	69,135	4.3
Direct Sales:								
ODM ⁽⁴⁾	782,106	36.5	1,104,605	37.1	1,032,963	26.2	174,671	11.0
DTC Websites ⁽⁵⁾	321,757	15.0	248,048	8.3	293,792	7.5	56,864	3.6
Total	2,144,246	100.0	2,976,629	100.0	3,941,430	100.0	1,591,423	100.0

Notes:

- (1) Our KACs primarily include (i) general merchandise stores (“GMS”), such as Walmart, Target, Academy and TSC and (ii) third party e-commerce platforms such as Amazon and Walmart.
- (2) Our dealers primarily comprise distributors with whom we have entered into distribution agreements.
- (3) Our wholesale customers primarily comprise customers who place bulk purchase orders with us on an order-by-order basis, and we have not entered into any distribution agreements with them.
- (4) ODM refers to sales of products manufactured by us under brands owned by our ODM partners under the BTO mode based on purchase orders placed by such ODM partners according to their sales needs.
- (5) DTC websites refer to our self-operated online stores. Revenue generated through our DTC websites amounted to RMB321.8 million, RMB248.0 million, RMB293.8 million, RMB52.8 million and RMB56.9 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively, representing 15.0%, 8.3%, 7.5%, 5.5% and 3.6% of our total revenue for the respective periods. The relatively lower proportions recorded in the four months ended April 30, 2025 and 2026 primarily reflected the seasonality of our electric two-wheelers, which constituted the principal products sold through our DTC websites. Sales of our electric two-wheelers generally peak in the fourth quarter, mainly driven by holiday-season demand in the United States, including Thanksgiving and Christmas holidays. See “ — Seasonality.”

Key Account Customers

Our KACs consist of GMSs and third party e-commerce platforms. As of the Latest Practicable Date, GMSs network included over 3,400 Walmart stores, over 720 Best Buy stores, over 360 Academy stores and over 2,000 TSC stores, and our products were also available in selected Lowe’s stores, among other retail chains in the United States. Third-party e-commerce platforms KACs as of Latest Practicable Date included Amazon and Walmart. Distribution through our KACs is in line with industry norms, according to Frost & Sullivan.

We are independent from the KACs and do not otherwise have any relationship with the KACs. In light of (i) KACs’ established and sophisticated procurement and inventory management practices, (ii) our buyer-seller relationship with the KACs, our Directors are of the view that the risk of channel stuffing is low and that the recoverability of accounts receivable is reasonably assured.

During the Track Record Period, our revenue from KACs amounted to RMB748.0 million, RMB837.1 million, RMB652.0 million and RMB328.2 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 34.9%, 28.1%, 16.5% and 20.6% of our total revenue in the same periods. The decrease in revenue from KACs in 2025 was primarily attributable to intensified market competition in the relevant product categories. In particular, sales to Customer D and Customer A decreased by approximately RMB82.5 million in aggregate, mainly due to competitors offering lower-priced comparable products, including electric scooters and electric bicycles, which

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affected the sales positions and purchase orders of our relevant products. Going forward, we intend to continue our cooperation with KACs where such cooperation supports our brand positioning, channel stability and sustainable profitability, rather than focusing solely on sales volume growth. We will allocate more resources to products with higher margins, higher ASPs and stronger brand positioning.

Movement of our KACs

The following table sets forth the total number of our active KACs and their movements (including addition and termination) for the periods indicated.

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
Number at the beginning of the year/period	12	13	13	11
Number of new KACs	4	2	—	—
Number of terminated KACs	(3)	(2)	(2)	—
Number at the end of the year/period. . .	13	13	11	11
Turnover rate of KACs ⁽¹⁾	25.0%	15.4%	15.4%	—

Note:

- (1) Turnover rate is calculated by dividing the number of termination of existing KACs for a given period by the number of KACs present at the beginning of that period.

During the Track Record Period, we terminated cooperation with certain KACs, whose sales performance was not to our satisfaction. Such termination did not have any material adverse effect on our performance.

During the Track Record Period, we terminated our cooperation with seven KACs. One third-party e-commerce platform was terminated due to its unsatisfactory sales performance. Three KACs (including two third-party e-commerce platforms and one GMS) were terminated as they were engaged primarily for one-off inventory clearance programs, and the cooperation ended upon completion of such programs. The remaining three KACs were terminated as they did not generate meaningful volume of sales during the relevant period. We consider the potential channel cannibalisation risks among KACs, dealers and DTC websites to be limited. We manage potential overlap primarily through SKU segmentation, product model and product mix differentiation, channel positioning and recommended retail price guidance. In particular, a particular product model is generally available through only one KAC, and the product models or product mix sold through KACs and our DTC websites generally differ.

Major Terms of our KAC Agreements

We typically enter into standard distribution agreements provided by KACs. Major terms with KACs primarily include:

- **Duration.** Such agreements are typically effective until terminated by either party with prior written notice.
- **Payment Terms.** Payment is processed based on delivery confirmation, invoice receipt, or scan-based sales records.

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- **Pricing and Discounts.** Product prices, discounts and allowances are specified in each purchase order or separate commercial terms upon mutual agreement. We generally do not set minimum purchase targets or sales goals for our KACs.
- **Payment.** Credit terms between KACs and us are generally 90 days.
- **Recommended retail price.** We provide recommended retail prices for sales to end customers. KACs generally determine the final retail prices to end customers based on their retail policies, local market conditions and regional factors, with reference to our recommended retail prices. KACs typically discuss with us before implementing material price adjustment or promotional arrangements. Any adjustment to the purchase price charged by us, promotional price support, discounts or allowances is subject to commercial negotiation between the relevant KAC and us.
- **Returns and Recalls.** Product returns with KACs are generally governed by the relevant KAC's supplier policy. End customers are generally entitled to return products within the applicable return period, which is typically within 90 days after sale. Where such returns are accepted under the relevant KAC's policy, we generally bear the related return costs. KACs typically update return records through their internal systems, and the value of accepted returns is generally settled by deduction from the amounts payable to us in the current or following settlement cycle.
- **Product liability.** KACs generally require us to maintain product liability insurance before commencing cooperation. We are generally responsible for product liability claims attributable to defects in our products.
- **Termination.** Such agreements can be terminated typically with prior written notice, but we shall honor all accepted orders prior to the effective termination date. The applicable notice period varies depending on the relevant KAC's standard terms or separate commercial arrangements and generally ranges from 30 to 60 days.

We recognize sales revenues from our KACs when control over our products is transferred to them. During the Track Record Period, we did not experience material breach of agreements with our KACs that had a significant impact on our business. During the same period, we did not have any material disputes with our KACs that had a significant impact on our business.

Dealers

Distribution through dealers has been increasingly important for our growth. Our revenue from dealers was RMB262.5 million, RMB711.5 million, RMB1,847.9 million and RMB962.5 million, in 2023, 2024, 2025 and the four months ended April 30, 2026, representing 12.2%, 23.9%, 46.9% and 60.5% of our total revenue during the same period. Through long-term cooperation with quality dealers across the U.S., we ensure steady promotion in targeted segments, with a particular focus on expanding our dealer network. As of April 30, 2026, the number of our active dealers increased to 819. In particular, the LSEV dealer network has achieved rapid progress, with successful onboarding of several leading dealers in the U.S.

less than 10 dealers

11 to 20 dealers

21 to 30 dealers

Over 30 dealers

We believe that by engaging dealers, we are able to leverage their experience and knowledge of the target local markets as well as their existing sales networks and resources, which may help us expand our market reach over a wider geographical area and to achieve deeper market penetration than if we were to proceed with direct sales and marketing alone, without incurring substantial sales and marketing costs.

We maintain a minimum sales target for each dealer to encourage their performance. In our standard distribution agreements, each distributor agrees to a pre-determined annual sales target. This target is determined through negotiation with the individual dealer based on their market potential and circumstances. The minimum sales target is a performance benchmark rather than a minimum procurement or guaranteed purchase obligation, and we do not impose mandatory minimum purchase quantities or require dealers to stockpile inventories. While the minimum sales target is not a strict guaranteed purchase obligation, we actively monitor each distributor's performance against this benchmark. Failure to meet the target does not automatically result in termination of the distributorship; however, if a distributor repeatedly falls short of the annual sales target, we may adjust our resource allocation and optimize our dealer network to improve market coverage and sales effectiveness, and reserve the right to terminate the distribution agreement.

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Our Directors believe that the risk of channel stuffing on our dealers is low, based on the following facts and observations: (1) our relationship with dealers is a buyer and seller relationship, and dealers are responsible for their own inventory risks; (2) we do not accept returns of our products and only allow exchanges of our products under limited circumstances such as quality defects or damages during transportation. During the Track Record Period, the product return amount from dealers was nil; (3) our products have maintained healthy end-market demand, which supports sell-through and reduces the likelihood of dealer inventory build-up; and (4) we actively monitor dealer inventory and performance, primarily through our floorplan-related inventory management arrangements (where applicable) and regular communications with dealers. For example, we track dealer sales and receivable collections on a frequent basis and monitor inventory ageing; our average floor plan financing period (calculated based on the days between invoicing to a dealer and dealer repayment) was approximately 45.3 days, 42.6 days and 40.4 days in 2024, 2025, and the four months ended April 30, 2026, respectively.

Our Directors are of the view that the risk of cannibalisation within the Group’s LSEV business is low, primarily because our LSEVs are marketed under two clearly differentiated brands, DENAGO and TEK0, with distinct positioning and target customer groups. In particular, TEK0 is positioned more toward a younger and fashion-oriented consumer segment, and its target market does not materially overlap with that of DENAGO. In addition, the LSEV market is currently not saturated, and brands in the market are generally differentiated by model offerings, features and target customer profiles, which further reduces the likelihood of internal substitution. From a channel perspective, we also adopt a territory protection policy for our dealer network and, as a general rule, does not appoint two dealers within a specified distance in the same area, which helps mitigate channel conflict and potential internal sales diversion.

Selection of New Dealers and Assessment of Existing Dealers

We source new dealers through inbound enquiries from prospective dealers who contact us through publicly available channels, as well as through proactive outreach by our sales team based on market research and our participation in industry exhibitions, trade shows and marketing activities. As part of our commitment to maintaining high standards, we select new distributors throughout the year and conduct annual assessment of existing dealers. We have implemented rigorous selection criteria for new dealers to maintain an effective distribution network.

We adopt a structured dealer onboarding and management framework. In approving dealers, we assess, among other things, the prospective dealer’s operating history, sales scale, team size and market reputation (including ratings on major online platforms). All new dealer appointments are subject to an initial review by our sales team and final approval by our CEO. After appointment, we provide dealers with sales and marketing support tailored to their operating needs and local marketing plans, including promotional discounts for certain campaigns (such as charity events) and, in specific cases, the provision of demonstration vehicles for event display. We also provide marketing collaterals to support local promotion and brand exposure. We manage and monitor our dealer network on an ongoing basis by tracking key operating indicators, including dealers’ sales volumes, accounts receivable collection and aging, and participation in marketing activities, which enables us to identify issues and adjust our support and engagement on a timely basis. In assessing and optimizing our dealer network, we generally regard a dealer as a premium dealer if it meets: (i) its actual annual sales volume of our products exceeds the agreed minimum target; and (ii) sales of our branded products represent no less than 70% of the dealer’s total annual sales revenue. We did not have any sub-distributors engaged by dealers and no dealer was terminated due to failure to meet the annual sales target during the Track Record Period.

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Movement of Dealers

The following table sets forth the total number of our active dealers⁽²⁾ and their movements (including addition and termination) for the periods indicated.

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
Number at the beginning of the year/period	402	582	721	776
Number of new dealers	321	319	353	134
Number of terminated dealers	(141)	(180)	(298)	(91)
Number at the end of the year/period. . .	582	721	776	819
Turnover rate of dealers ⁽¹⁾	35.1%	30.9%	41.3%	11.7%

Note:

- (1) Turnover rate is calculated by dividing the number of termination of existing dealers for a given year by the number of dealers present at the beginning of that year.
- (2) Active dealers refer to dealers that remained commercially active in our dealer network during the relevant period, as evidenced by transaction activity with us.

During the Track Record Period, the addition of new dealers was primarily related to the expansion of our dealers for LSEVs, particularly for DENAGO, while the termination of dealers was mostly in connection with the small-displacement ATVs business due to our strategic resource reallocation. The movements in our dealer network during the Track Record Period were primarily attributable to dealers with relatively smaller sales contribution and transaction amounts, while dealers with longer business relationships with us and larger transaction amounts generally remained stable. We will periodically review and optimize our dealer network by territory, under which we may terminate and replace underperforming dealers with better-performing dealers to maximise regional sales scale and market coverage. Following a dealer replacement in a territory in 2025, sales volume in that territory increased from approximately 46 units to approximately 384 units.

Major Terms of our Dealer Agreements

Major terms of our standard distribution agreements with our dealers include:

- ***Duration.*** The duration of distribution agreements is typically one year. We may renew the distribution agreements upon mutual agreement.
- ***Management on prices.*** Dealers must comply with the MAP policy (no advertising below MAP in any medium). In-store promotions are excluded, and pricing may be changed with prior notice; we may modify the MAP policy at any time with which dealers must comply.
- ***Financing support.*** We generally bear the financing interest for the first 60 days after the financing is advanced. See “— Floor Plan Financing Arrangement.”
- ***Scope of distribution.*** Our dealers are generally only permitted to sell our products in a predetermined geographic area.
- ***Sub-distribution.*** Our dealers must receive our authorization to sell our products to sub-distributors. We generally do not allow sub-distribution.

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- **Payment.** We generally allow dealers a credit term ranging from 30 days to 60 days. Dealers separately approved by a Financing Provider may elect to finance their purchases under the Floor Plan Financing Arrangement. See “— Floor Plan Financing Arrangement.”
- **Logistics.** We deliver our products according to the time and method specified in the purchase order.
- **Limitations on return or exchange.** We typically do not accept return or exchange of products from our dealers. We only allow product exchanges under limited circumstances such as quality defects or damages during transportation.
- **Termination.** We are entitled to terminate the distribution agreements if our dealers breach the distribution agreements.

During the Track Record Period, we did not experience material breach of dealer agreements that had a significant impact on our business. During the same periods, we did not have any material disputes with our dealers that had a significant impact on our business.

Floor Plan Financing Arrangement

Since May 2024, our wholly-owned U.S. subsidiary has maintained separate dealer inventory financing programs with First Community Bank and Northpoint Commercial Finance LLC, a non-bank financial institution (collectively, the “**Financing Provider(s)**”) to facilitate purchases of our products by authorized dealers in the United States that have been separately approved for financing by the relevant Financing Provider, thereby reducing their upfront cash outlay (the “**Floor Plan Financing Arrangement**”). The Floor Plan Financing Arrangement is implemented through: (i) a sales arrangement between us and the participating dealer, under which the dealer purchases products from us; (ii) a separate financing arrangement between the dealer and the relevant Financing Provider; and (iii) separate cooperation arrangements between the relevant U.S. subsidiaries and the respective Financing Providers governing, among other things, payment to us, interest support and our inventory repurchase and related credit-support obligations. We do not directly provide loans or credit facilities to the dealers.

A dealer may elect to finance its purchase of our products through one of the Financing Providers. After we deliver the relevant products and submit the invoice and supporting documents required by the Financing Provider, such as order information, delivery documents and VIN information, the Financing Provider pays the full purchase price directly to us from the dealer’s approved credit facility, generally within ten days after completing its review of the supporting documents. The dealer is then required to repay the financed amount to the Financing Provider in accordance with its financing agreement.

Term and Termination. Neither cooperation agreement has a fixed expiry date or requires periodic renewal. The agreement with Northpoint Commercial Finance LLC is evergreen and may be terminated by either party upon 30 days’ prior written notice, while First Community Bank may cease offering financing under its agreement upon 90 days’ prior written notice by either party.

Aggregate Programme Limit. Each Financing Provider independently determines and periodically reviews the programme limit made available to participating dealers collectively under its programme. The aggregate programme limit is independently determined and reviewed from time to time, without a fixed review schedule, by the Financing Providers based on their respective internal risk management policies and commercial judgment. Each Financing Provider may reduce its programme limit without our prior consent. The aggregate programme limit is not determined under a fixed formula and cannot be unilaterally determined or increased by us. The aggregate programme limit increased from approximately US\$80.0 million in October 2025 to US\$105.0 million as of the Latest Practicable Date.

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The increase primarily reflected the continued expansion of our business and dealer network and the corresponding growth in dealers’ demand for inventory financing. The aggregate programme limit does not automatically increase or decrease by reference to the amount of our trade receivables, the value of individual financed purchases or the outstanding financed amount. Rather, drawdowns and repayments by participating dealers affect the amount utilized and the available headroom within the aggregate programme limit, while any change to the aggregate programme limit itself is subject to a separate review and approval by the relevant Financing Provider. We have no authority to determine, increase or decrease the aggregate programme limit.

Dealer Appointment and Credit Assessment. In developing our dealer network, we assess potential dealers in accordance with our ordinary commercial criteria, including their operating scale, sales capabilities, and regional market coverage. Such assessment is conducted solely to determine whether a potential dealer satisfies our commercial criteria to become an authorized dealer. However, we do not conduct an assessment of a dealer’s creditworthiness or repayment capacity for inventory-financing purposes. An authorized dealer wishing to use the Floor Plan Financing Arrangement must directly apply to the Financing Providers. We do not participate in or influence the Financing Provider’s credit approval, credit-limit determination or adjustment, or ongoing credit monitoring. To manage the risk that a dealer’s financial condition may deteriorate after its initial approval, before accepting each order under the Floor Plan Financing Arrangement, our sales department verifies that the dealer’s financing approval from the relevant Financing Provider remains valid.

Interest Rate. The applicable interest rate benchmark differs by Financing Provider. For floor plan financing provided by Northpoint Commercial Finance LLC, the annual interest rate is calculated by reference to the Secured Overnight Financing Rate (“SOFR”) plus a contractual margin under the relevant financing arrangement. During the Track Record Period and up to the Latest Practicable Date, the SOFR ranged from approximately 3.50% to 5.40% per annum, while the contractual margin ranged from approximately 5.75% to 10.00% per annum, resulting in an all-in annual interest rate ranging from approximately 9.25% to 15.40%. For floor plan financing provided by First Community Bank, the annual interest rate is calculated by reference to the prime rate published by The Wall Street Journal (the “WSJ Prime Rate”) plus 2.00% per annum. During the Track Record Period and up to the Latest Practicable Date, the applicable WSJ Prime Rate ranged from approximately 8.75% to 10.50%, resulting in an all-in annual interest rate ranging from approximately 10.75% to 12.50%.

Our Obligations and Financial Exposure. The approval by a Financing Provider of a credit facility for a dealer does not, by itself, require us to fund the facility or satisfy the dealer’s repayment obligations. Our transaction-specific exposure arises when the dealer uses the approved facility to purchase products from us and the Financing Provider pays the full purchase price to us. In the ordinary course, the dealer sells the financed products and repays the relevant Financing Provider in accordance with its financing agreement. We generally bear the interest accrued during the first 60 days after the relevant financing is advanced. The interest expenses incurred by us in connection with the Dealer Floor Plan Financing amounted to RMB1.5 million, RMB11.3 million and RMB6.8 million for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026, respectively. If the financing remains outstanding thereafter, the dealer is responsible for the interest accruing until repayment. However, if a dealer is unable to sell the financed products upon expiry of the initial 60-day period or otherwise defaults on its payment obligations, we would liaise with the dealer and the relevant Financing Providers on the repayment plan. We may be required to repurchase the financed inventory and bear the interest incurred by the dealer. Any such repurchase would result in a reduction in the revenue previously recognized in respect of the relevant financed inventory. Any repurchase payment would be made directly to the relevant Financing Provider, rather than through the dealer, and applied toward settlement of the dealer’s outstanding financed amount. During the Track Record Period and up to the Latest Practicable Date, there were no instances of such defaults or repurchases. We maintain a standby letter of credit in favor of the Financing Providers to secure our obligations to pay interest and repurchase financed inventory.

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According to Frost & Sullivan, floor plan financing, including brand owners bearing the interest accrued during the first 60 days for the dealers, is a customary and widely adopted practice among vehicle distributors and dealers in North America, designed to enhance inventory turnover and working capital efficiency. This arrangement enables our dealers to maintain adequate stock without immediate cash outlay, while allowing us to accelerate cash collection and minimize credit exposure, as payments are received directly from the bank.

The number of participating dealers under the Floor Plan Financing Arrangement amounted to 53, 181 and 275 as of December 31, 2024 and 2025 and April 30, 2026, respectively, mainly because the arrangement was expanded in 2025 to cover TEKOPRO products in addition to DENAGO products and an increasing number of eligible dealers elected to use the arrangement to finance their inventory purchases. As of the Latest Practicable Date, the number of participating dealers under the Floor Plan Financing Arrangement had remained unchanged at 275 since April 30, 2026. The closing balance of financed amount through floor plan financing increased from RMB32.6 million as of December 31, 2024 to RMB234.0 million as of December 31, 2025, further increased to RMB304.0 million as of April 30, 2026, primarily due to the increase in the number of participating dealers and the growth in sales scale of our dealers. As of August 27, 2026, RMB246.6 million, approximately 81.1%, of the financed amount outstanding as of April 30, 2026 had been settled, and the corresponding repurchase obligations had been released. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any dealer default or any material dispute in connection with our Floor Plan Financing Arrangements. The average duration of financing was approximately 45.3 days, 42.6 days and 40.4 days in 2024, 2025 and the four months ended April 30, 2026, respectively. Taking into account the foregoing, our Directors are of the view that the credit risk associated with such remaining balance was not material as of the Latest Practicable Date. See “Financial Information — Financial Risk Management.”

For a prospective new dealer with no prior trading history with us, we first assess whether it satisfies our ordinary commercial requirements for appointment as an authorized dealer, taking into account its operating scale, sales capabilities, regional market coverage and business development potential. This assessment forms part of our ordinary dealer onboarding and trade credit management process. For the avoidance of doubt, it is separate from, and does not constitute or replace, the Financing Provider’s independent credit assessment for inventory financing purposes.

Before accepting an order under the arrangement, our sales department verifies that the dealer has been approved by the relevant Financing Provider. The Financing Provider pays the full purchase price directly to us after delivery and review of the relevant supporting documents, and the financed inventory serves as collateral for the dealer’s financing, and our related trade receivables are also deemed as collateral under the arrangement.

Wholesale Customers

Our wholesale customers primarily comprise purchasers that place order-by-order bulk orders for our products, which they subsequently resell through their own sales channels. Unlike our dealers, we have not entered into any distribution agreements or long-term cooperation arrangements with these customers. Their purchases are typically made on an order-by-order basis, depending on their own inventory and market needs. Our revenue from wholesale customers was RMB29.9 million, RMB75.4 million, RMB114.7 million and RMB69.1 million in 2023, 2024, 2025 and the four months ended April 30, 2026, representing 1.4%, 2.6%, 2.9% and 4.3% of our total revenue during the same periods, respectively.

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DTC Websites

As of the Latest Practicable Date, we had 14 self-operated DTC websites. Our DTC sites, as higher-margin direct-sale channels, enable us to collect and analyze first-hand user data. Through optimized operations and management, our DTC sites have enhanced our capabilities in user-behavior analytics, laying a solid data foundation for personalized marketing and penetration in priority markets.

These websites are managed centrally but are deliberately differentiated by (i) brand positioning, (ii) product category focus, (iii) geography, and (iv) price band and customer segment. Each website therefore carries a distinct and curated product portfolio rather than a full overlap of SKUs. We use multiple DTC domains as a digital “storefront matrix” to expand traffic sources, improve search-engine performance and capture different customer cohorts, while all websites share a unified back-end for inventory management, pricing and promotions. Given (a) the differentiated brand, product and geographic positioning of these sites, and (b) the centralized management of pricing, we consider that any cannibalisation among the 14 DTC websites is not material and that these websites operate as complementary, rather than competing, channels within our overall sales network.

ODM

We sell our products to our ODM partners via the BTO mode. Our ODM partners in Europe, Southeast Asia and the Americas place purchase orders based on their sales needs. Upon receiving and confirming purchase orders, our marketing center classifies orders by product type and region, and assigns them to our production center for production and delivery. Outside North America, as of the Latest Practicable Date, through our ODM partners, we supplied products to over 90 countries and regions.

In 2023, 2024, 2025 and the four months ended April 30, 2026, revenue generated from our ODM business amounted to RMB782.1 million, RMB1,104.6 million, RMB1,033.0 million and RMB174.7 million, respectively, representing 36.5%, 37.1%, 26.2% and 11.0% of our total revenue for the respective periods. The sales volume of our ODM products amounted to 651.6 thousand, 745.2 thousand, 687.1 thousand and 216.3 thousand in 2023, 2024, 2025 and the four months ended April 30, 2026. During the Track Record Period, all of our ODM products were sold under brands owned by our ODM partners. The following table sets forth a breakdown of our revenue from ODM by products for the relevant periods indicated.

	Year ended December 31,						Four months ended April 30,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
E-mobility products.	181,687	23.2	302,021	27.3	258,396	25.0	12,510	7.2
Powersports.	554,016	70.9	759,200	68.9	735,722	71.2	152,442	87.3
Others	46,403	5.9	43,384	3.9	38,845	3.8	9,719	5.5
Total	782,106	100.0	1,104,605	100.0	1,032,963	100.0	174,671	100.0

Our revenue from ODM products decreased from RMB1,104.6 million in 2024 to RMB1,033.0 million in 2025, primarily due to the decrease in purchase amounts from certain ODM customers located in Russia and Mexico. The decrease in revenue was mainly attributable to lower sales volumes of higher-priced ATVs, while the decrease in overall sales volume was mainly attributable to fewer lower-priced helmets and accessories sold to these customers. Our revenue from ODM products decreased as a percentage of our total revenue from 26.2% in 2025 to 11.0% in the four months ended April 30, 2026, primarily because sales to Champion Motorsports ceased to be recorded as external ODM sales following the Acquisition. Sales to Champion Motorsports amounted to RMB179.5 million

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in the four months ended April 30, 2025, whereas sales to Champion Motorsports in the corresponding period in 2026 were eliminated as intra-group transactions, with its onward sales recorded as branded product sales.

Prior to the Acquisition, Champion Motorsports had historically been one of our five largest ODM customers, and our sales to Champion Motorsports were recorded as external export sales under our ODM business. Following the Acquisition, supplies by our manufacturing entities to Champion Motorsports became intra-group transactions and were eliminated upon consolidation, while Champion Motorsports’ onward sales to downstream third-party customers within the United States were recorded as external U.S. domestic sales under our branded products. Champion Motorsports’ onward sales to TSC and other large U.S. GMS customers are classified as KAC sales. Sales to customers that have entered into dealer agreements with Champion Motorsports are classified as dealer sales, while sales to commercial customers that are neither KACs nor parties to formal dealer agreements with Champion Motorsports are classified as wholesale sales. The following table sets forth a breakdown of our revenue from ODM by geographical location for the relevant periods indicated.

	Year ended December 31,						Four months ended April 30,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Americas	453,691	58.0	813,649	73.7	730,857	70.8	85,296	48.8
Europe	261,757	33.5	224,040	20.3	125,993	12.2	34,693	19.9
Asia	64,302	8.2	61,591	5.6	172,638	16.7	54,568	31.2
Africa.	1,971	0.3	2,549	0.2	2,278	0.2	—	—
Oceania.	385	0.0	2,776	0.2	1,197	0.1	114	0.1
Total	782,106	100.0	1,104,605	100.0	1,032,963	100.0	174,671	100.0

Our ODM products generally do not materially compete with our proprietary branded products in the relevant markets, because sales of our proprietary branded products are mainly concentrated in North America, while our ODM sales are generally more geographically diversified and are made to customers in Europe, Asia, South America and other markets. As a result, the principal markets and customer groups for our proprietary branded products and ODM products are generally different. To the extent there is any overlap in the United States, we mitigate potential competition through geographic, product and channel segmentation.

During the Track Record Period, all of our ODM products were sold under brands owned by our ODM partners. Our ODM partners may choose to sell our products, primarily including LSEVs, ATVs and off-road motorcycles under their own brands, based on their local market needs, request minor adjustments to our existing models (such as adding or removing certain decorative elements, accessories or selected functions) to better meet end-customer preferences. Separately, our ODM partners may purchase products bearing our proprietary brands for resale in their capacity, which was not included in our revenue from ODM customers. Our major ODM partners are typically established international or local enterprises with brand recognition and distribution capabilities in their respective markets, with established dealer networks and/or self-operated retail channels. Our ODM business flow generally involves (i) the ODM partner providing its product requirements and specifications, (ii) entering into a sales contract and/or placing purchase orders after mutual confirmation of commercial terms, and (iii) our production and delivery according to the agreed delivery schedule and delivery terms.

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Our ODM sales are generally conducted on an order-by-order basis pursuant to purchase orders, sales confirmations or other commercial documents entered into with ODM customers. Major terms of our ODM sales include:

- ***Product specifications and order details.*** The relevant product type, specifications, quantity, unit price and total contract amount are agreed upfront in the relevant purchase order or sales confirmation.
- ***Delivery and shipment.*** The relevant delivery schedule, port of loading destination and shipping terms are agreed on an order-by-order basis.
- ***Packaging.*** Packaging requirements are specified in the relevant order documents, and our ODM products are generally packaged in accordance with agreed export packaging standards.
- ***Payment terms.*** Payment terms are agreed with ODM customers based on commercial negotiations and generally include deposits and pre-shipment payments.
- ***Warranty obligations.*** We generally support ODM customers’ after-sales services by providing free spare parts or replacement parts as agreed with the relevant ODM customers. ODM customers are generally required to raise any quality objection within one month after receipt of goods. Quality-related disputes are to be resolved through negotiation.

Major Customers

As of April 30, 2026, we have built up a broad and geographically diverse customer base globally, spreading across over 90 countries and regions. During the Track Record Period, our customers primarily included GMS, vehicle dealers, e-commerce platforms, and other wholesalers and retailers. Our products, especially LSEVs, are distributed through traditional vehicle dealers because this channel is commercially suited to our products and customers. In particular, it enables in-person product display, demonstration and customer onboarding, local delivery coordination, and efficient provision of after-sales services.

In 2023, 2024, 2025 and the four months ended April 30, 2026, our aggregate revenue from the five largest customers in each year/period during the Track Record Period was RMB1,065.4 million, RMB1,454.9 million, RMB1,370.4 million and RMB318.3 million, respectively, accounting for 49.7%, 48.9%, 34.8% and 20.0% of our total revenue, respectively. In the same periods, our revenue from the single largest customer in each year/period during the Track Record Period amounted to RMB327.3 million, RMB489.6 million, RMB520.9 million and RMB141.3 million, accounting for 15.3%, 16.5%, 13.2% and 8.9% of our total revenue, respectively. The following tables set forth the details of our top five customers during the Track Record Period.

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Customers	Credit term	Sales Channel	Products provided from us	Payment method	Year of commencement of business relationship	Revenue amount (RMB'000)	Percentage of total revenue (%)
<i>For the year ended December 31, 2023</i>							
Customer A . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	327,285	15.3
Champion . . .	90 days	ODM	E-mobility products; powersports	Bank Transfer	2023	307,529	14.3
Customer B . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	248,427	11.6
Customer C . . .	20% advance payment, remaining 80% settled after delivery in 120 days	ODM	Powersports	Bank Transfer	2020	91,404	4.3
Customer D . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	90,705	4.2
						<u>1,065,351</u>	<u>49.7</u>
<i>For the year ended December 31, 2024</i>							
Champion . . .	90–120 days	ODM	E-mobility products; powersports	Bank Transfer	2023	489,578	16.5
Customer B . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	378,241	12.7
Customer A . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	317,632	10.7
Customer C . . .	20% advance payment, remaining 80% settled after delivery	ODM	Powersports	Bank Transfer	2020	149,918	5.0
Customer D . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	119,554	4.0
						<u>1,454,924</u>	<u>48.9</u>
<i>For the year ended December 31, 2025</i>							
Champion . . .	120 days	ODM	E-mobility products; powersports	Bank Transfer	2023	520,942	13.2
Customer A . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	344,725	8.8
Customer B . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	334,015	8.5
Customer E . . .	90 days	KAC	E-mobility products; powersports	Bank Transfer	2022	110,375	2.8
Customer F . . .	20 days	Dealer	E-mobility products	Bank Transfer	2024	60,357	1.5
						<u>1,370,414</u>	<u>34.8</u>

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Customers	Credit term	Sales Channel	Products provided from us	Payment method	Year of commencement of business relationship	Revenue amount (RMB'000)	Percentage of total revenue (%)
<i>For the four months ended April 30, 2026</i>							
Customer G . . .	30 days	KAC	LSEV, Powersports	Bank Transfer	2023	141,315	8.9
Customer A . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	57,003	3.6
Customer C . . .	20% advance payment, remaining 80% settled after delivery in 120 days	ODM	Powersports	Bank Transfer	2020	46,290	2.9
Customer F . . .	20 days	Dealer	E-mobility products	Bank Transfer	2024	38,507	2.4
Customer B . . .	90 days	KAC	E-mobility products	Bank Transfer	2019	35,220	2.2
						<u>318,335</u>	<u>20.0</u>

Notes:

- (1) Customer A is a company listed on the New York Stock Exchange, which is one of the world’s largest retail chains. The Group sells its electric scooters and self-balancing scooters through its U.S. online and offline retail channels. During the Track Record Period, our sales arrangement with Customer A primarily comprised direct sales to Customer A through its vendor platform, under which Customer A was our direct customer and placed purchase orders with us or notified us of direct fulfillment orders for delivery to end customers. A small portion of our sales through Customer A’s platform was made by us directly to end customers through our seller account, in which case Customer A acted as an online marketplace platform service provider rather than our customer.
- (2) Customer B is a company listed on Nasdaq, which is a leading global e-commerce platform. Under the Vendor model, it purchases products directly and sells to end consumers. We mainly sell electric scooters and self-balancing scooters through this channel.
- (3) Customer C is a large-scale importer in Mexico focusing on two-wheel motorcycles and four-wheel off-road vehicles and sells through its self-operated stores and COPPEL supermarket channels. We mainly sell ATVs to this customer.
- (4) Customer D is a company listed on the New York Stock Exchange, which is a major U.S. retail chain known for stylish, value-for-money merchandise, with extensive store coverage and online channels. We mainly sell electric scooters and self-balancing scooters through its channel.
- (5) Customer E is a company listed on the New York Stock Exchange, which is a leading U.S. consumer electronics retailer. We mainly sell electric scooters and electric bicycles through its channel.
- (6) Customer F is a Texas-based dealer of golf cars and related recreational, utility and industrial vehicles, which sells such products to end customers and also provides related services, parts, rental and leasing. We mainly sell LSEVs through this channel.
- (7) Customer G is a company listed on Nasdaq, which is among the largest rural lifestyle retailers in the United States with an extensive network of retail stores and e-commerce channels. We mainly sell LSEVs and powersports to Customer G. Customer G was an existing major customer of Champion Motorsports prior to the Acquisition and, as a result of the Acquisition and the consolidation of Champion Holdings into our Group, became our largest customer for the four months ended April 30, 2026.

Save for Champion Motorsports, a subsidiary of Champion Holdings, all of our five largest customers in each year/period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

BUSINESS

Third-party Payment Arrangements

Background

During the Track Record Period, certain of our customers (the “**Relevant Customer(s)**”) settled their payments with us through Third-Party Payors as defined below. In 2023, 2024, 2025 and the four months ended April 30, 2026, the aggregate amount of third-party payments was approximately RMB123.2 million, RMB52.4 million, RMB73.9 million and RMB4.9 million, respectively, accounting for approximately 5.7%, 1.8%, 1.9% and 0.3% of our total revenue, in the same periods, respectively. During the Track Record Period, the number of Relevant Customers amounted to 46, 48, 58 and 9, representing 6.3%, 5.7%, 5.0% and 1.0% of our total customers in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. During the Track Record Period, we did not grant specific prior approval for the Third-party Payment Arrangements or enter into tripartite agreements, primarily due to (i) such arrangements were generally made at the Relevant Customers’ request for payment convenience, while the underlying sales contracts, purchase orders and invoices remained between the Relevant Customers and us; and (ii) the relevant amounts represented only a relatively small portion of our total sales during the Track Record Period. To our best knowledge, the Relevant Customers and the Third-Party Payors are independent and are not connected or affiliated with each other.

The third-party payments were primarily from Relevant Customers from Russia and Kazakhstan. Our Third Party Payors, as defined below, were primarily from Russia, Chinese Mainland, Hong Kong SAR, and Kazakhstan.

Reasons for Utilizing Third-party Settlement Arrangement

We might, from time to time, accept payments from third parties designated by our customers primarily for the following reasons:

- (i) certain customers, due to their internal funding or treasury arrangements, instruct their affiliated entities or finance companies to remit the purchase price to us on their behalf;
- (ii) certain customers are located in jurisdictions subject to foreign exchange controls, where U.S. dollar settlement may be inconvenient or involve prolonged settlement cycles, and therefore arrange for their affiliates or other third-party institutions to make such payments; and
- (iii) in certain jurisdictions where the local currency is subject to significant volatility, including periods of material depreciation, converting local currency into U.S. dollars may result in foreign exchange losses, and such customers therefore effect payment through offshore affiliated entities or other third-party payment institutions. No single Relevant Customer made material contribution to our revenue in any year/period during the Track Record Period.

Implications Relating to Third-party Payment Arrangements

Our Directors confirmed that our Group, our Directors, shareholders or senior management and their respective associates do not have any past or present relationships, including business, employment, financing and other types of relationship with each of the Relevant Customers and the designated Third-Party Payors who settled payments under the Third-Party Payment Arrangements apart from the ordinary business conducted between our Group and the Relevant Customers or Third-Party Payors.

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During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, (i) we were not the subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Third-Party Payment Arrangements; (ii) we had not encountered any refund requests, actual or pending disputes or disagreements due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements (iii) all settlements were based on bona fide underlying transactions and valid contractual relationships; and (iv) the settlement amounts were consistent with the amounts incurred under the relevant transactions.

As advised by our PRC Legal Advisor, in light of the foregoing, (i) the risks of financial losses caused by the Third-Party Payment Arrangements were low for our Group; (ii) the Third-Party Payment Arrangements during the Track Record Period do not contravene the mandatory provisions of the Civil Code of the PRC or other relevant applicable PRC laws and regulations currently in effect; (iii) the likelihood that we would be imposed any administrative penalties for being deemed as violating relevant PRC laws and regulations related to tax evasion in connection with aforementioned Third-Party Payment Arrangements is remote; and (iv) the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of disguising or concealing the source and nature of proceeds or gains is low.

Internal Control Measures and Cessation of Third-party Payment Arrangements

During the Track Record Period, we had internal control measures on Third-Party Payment Arrangements, including but not limited to, (i) minimizing and avoiding Third-Party Payment Arrangements to the extent possible; (ii) requiring all of our customers to settle payments with us through their own bank accounts; and (iii) requiring our sales personnel to obtain supporting documents such as identity information, relationship proof and reasons for Third-Party Payment Arrangements if Relevant Customers were unable to directly settle payments.

As of October 17, 2025, we had ceased all Third-Party Payment Arrangements for future incoming orders. To prevent the recurrence of, and mitigate the potential risks from, the Third-Party Payment Arrangements, we have implemented enhanced internal control measures, including, among other things,

- (i) ***Ongoing monitoring and reporting:*** we issued a notice on October 17, 2025 to internal sales personnel, pursuant to which we only allow payments either (a) directly from the accounts of the customers; or (b) through the accounts of the operators in the case of sole proprietorships; the finance center must designate personnel to monitor third-party payment situations and analyze the proportion, reasons, and regions of such payments. We have implemented internal procedures under which our relevant finance personnel are required to verify that all settlements are supported by bona fide underlying transactions and that the settlement amounts are consistent with the corresponding transaction amounts.
- (ii) ***Information transparency:*** we required our sales personnel to inform and clarify the payment method with customer when accepting orders, require customer to remit purchase payment directly into the Company’s corporate account through their own legally established bank accounts. We ensure that any payments made by Third-Party Payors are accurate and lawful, and do not involve money laundering, commercial bribery or other illegal or non-compliant activities.

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- (iii) **Prior approval:** we do not accept any form of third-party payment arrangements. A prior written approval is required if the Relevant Customers who are unable to directly settle payments. Our sales personnel shall not make unauthorized commitments and must immediately report such cases to the sales manager and finance center. Our Human Resources Department has developed role descriptions that clearly define employees’ responsibilities and has implemented a segregation of duties mechanism.
- (iv) **Tripartite agreement requirements:** for Relevant Customers who are unable to directly settle payments, they are required to sign a standard tripartite agreement specified that the Relevant Customers delegate their payment obligation or grant rights for payments from the Company under the terms of the original agreement with our Group to their respective designated third parties, which undertake to pay or receive the transaction amount directly to or from our Group under the same terms; in addition, sales personnel must verify Third-Party Payor background information, authorization documents, and identity, and sales personnel must verify the payer’s information, authorization documents, and identity, sales personnel must require the Relevant Customer to provide all supporting documents and complete a third-party payment approval form, which shall be reviewed by the sales manager, finance center and legal department, and submitted to the financial director or general manager for approval. The relevant annexes must undergo the approval and company seal process together with the contract. We require that relevant annexes be submitted for approval and stamped together with the main contract.
- (v) **Assessment and supervision measures:** there is a performance evaluation indicator for sales personnel and relevant financial staff for their annual review on third-party payments to effectively reduce the numbers of third-party payments incurred; the audit department shall treat third-party payments as a regular audit issue, and strengthen our day-to-day communications and training.

As of May 31, 2026, we still had outstanding trade receivable balance due from eight Relevant Customers under legacy contracts, and such balance amounted to approximately RMB2.4 million. We expect to collect the remaining outstanding trade receivables and fully cease Third-party Payment Arrangements in 2026. Our sales contracts are entered into with the Relevant Customers, who remain primarily liable for their payment obligations, and our PRC Legal Advisor confirmed that the Third-Party Payors are not parties to such sales contracts and do not assume joint and several liability for the Relevant Customers’ debts.

Our Directors are of the view, and the Internal Control Consultant concurs with our Directors’ view, that the enhanced internal control measures implemented in relation to the Third-Party Payment Arrangements are adequate and effective, and that the cessation of Third-Party Payment Arrangements for future transactions since October 17, 2025 did not have, and will not have, any material adverse effect on our Group, taking into account (i) Third-Party Payment Arrangements involved only a limited number of customers and the amounts settled thereunder were immaterial to the Group’s overall revenue (representing approximately 5.7%, 1.8%, 1.9% and 0.3% of our total revenue in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively), and the usage had been decreasing during the rectification process while our business scale and distributor base continued to grow; (ii) the majority of the Relevant Customers cooperated with the rectification and the cessation did not change our standard settlement practice under which we generally require customers to settle payments before product delivery; and (iii) we continued to generate positive net cash from operating activities before and after the rectification, and following the cessation only a small number of customers continued to settle payments through previously designated Third-Party Payors under legacy contracts (with outstanding trade receivables of approximately RMB2.4 million as of May 31, 2026), which remained insignificant to our Group.

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Our Directors are of the view, and the Sole Sponsor concurs with our Directors’ view, that the enhanced internal control measures are adequate and effective and the cessation of the Third-Party Payment Arrangements did not have, nor will have, any material adverse effect on the Group, taking into account our relationship with customers, liquidity, business operation and financial performance, as (i) substantially all of the Relevant Customers cooperated with our rectification process; (ii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us; and (iii) we continued to generate positive net cash from our operating activities before and after the rectification of Third-party Payment Arrangements.

Customer Service and Warranty

We believe that timely, customer service is critical to overall customer satisfaction and purchase decisions. Our after-sales services cover repair as well as return and exchange of defective products. Leveraging our omnichannel footprint, we primarily rely on our distributors and major retail partners to provide front-line after-sales services through their outlets in our key markets, particularly North America. To help ensure consistent service quality and quick response, we maintain standardized after-sales service guidelines and dedicated support resources, including a localized operations team of over 800 employees in the U.S. and Canada that covers sales and after-sales functions. We operate regional sales and distribution centers in Texas, California and Florida in the U.S., and in Toronto, Canada, to shorten service lead time, and we maintain dedicated North American parts warehouses and an integrated domestic-overseas parts ordering system to support repairs and provide timely technical assistance to channel partners. The domestic-overseas parts ordering system is an internal ordering and fulfilment system that integrates spare parts ordering with inventory allocation across our North American parts warehouses and overseas supply sources, enabling channel partners to place and track parts orders and improving parts fulfilment efficiency for after-sales repairs. We will directly handle highly complicated repair requests beyond our distributors’ technical capabilities through our centralized technical team and an intelligent customer-service system that offers 24/7 multilingual interaction.

Our product warranty policies comply with applicable laws and regulations and are consistent with prevailing industry practice. We provide tiered warranty coverage tailored to each product category and, where appropriate, to specific components. For our LSEV products, we generally provide lifetime warranty for chassis, an eight-year warranty for batteries, and a two-year warranty for other components. For our other mobility products, the warranty period generally ranges from one to two years depending on product category and price point. For our DENAGO powersports ATVs, models with displacement of 299cc or below generally have a six-month limited warranty and models with displacement of 300cc or above generally have a one-year limited warranty, each commencing from the date of first warranty registration, and batteries supplied with such products generally have a six-month warranty commencing from the date of first warranty registration. Supported by rigorous quality-assurance procedures — spanning supplier qualification, incoming inspections, in-process testing and pre-shipment audits — our products are thoroughly verified prior to delivery. We review and adjust our warranty provisions periodically based on historical claim experience and forward-looking assessments of product performance. We recognize provisions in respect of product returns, including certain warranty obligations where applicable, which are estimated primarily with reference to historical return and claim information and recent trends and are reviewed on an ongoing basis, see note 30 to the Accountants’ Report as set out in Appendix I to this Document. As a result, our warranty provisions remained at a low level during the Track Record Period, with balances of RMB35.9 million, RMB34.7 million, RMB39.2 million and RMB19.1 million, as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively.

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The amount of returned goods amounted to RMB61.9 million, RMB93.5 million, RMB76.0 million and RMB19.4 million in 2023, 2024, 2025 and the four months ended April 30, 2026, representing 2.9%, 3.1%, 1.9% and 1.2% of our total revenue during the respective periods. Our product return rates were lower than industry average, according to Frost & Sullivan. During the Track Record Period, the product return amount from dealers was nil. Our warranty costs amounted to nil, nil, RMB52.0 thousand and RMB240.2 thousand, respectively, in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any product recall, and we did not have any products removed from physical stores in the United States. In August 2025, certain of our balance bike product listings on an online platform were temporarily removed following a patent infringement allegation raised by a third party. Such removal was not due to product quality or safety issues. During the Track Record Period and up to the Latest Practicable Date, our U.S. subsidiaries were involved in some product liability claims. See “Risk Factors — We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, or we could experience greater returns from retailers than expected, which could harm our business and operating results.”

OUR SUPPLIERS

Our suppliers primarily consist of providers of raw materials, metal hardware parts and accessories for the production of our E-mobility products and powersports. We select leading suppliers in the relevant sectors to ensure the availability and quality of such raw materials, hardware and services. Our procurement process is under constant review for higher efficiency and cost control purpose. To control costs and maintain product quality, we primarily manufacture core components in-house. For our E-mobility products and powersports products, the majority of core components, including frames, motors, battery packs and main cables, are manufactured in-house. For certain specifications and models of engines and motors that involve higher technical complexity and more stringent safety requirements, we source such components from third-party suppliers to satisfy such requirements.

The aggregate purchases from our top five suppliers in 2023, 2024, 2025 and the four months ended April 30, 2026 were RMB172.9 million, RMB785.5 million, RMB514.1 million and RMB166.3 million, respectively, representing 13.5%, 27.1%, 20.9% and 22.5% of our total purchase amount in the same periods, respectively. The purchases from our largest supplier in 2023, 2024, 2025 and the four months ended April 30, 2026, were RMB44.7 million, RMB389.6 million, RMB171.9 million and RMB43.9 million, respectively, representing 3.5%, 13.4%, 7.0% and 6.0% of our total purchase amount in the same periods, respectively.

Our Directors confirmed that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers.

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RAW MATERIALS AND PROCUREMENT

We procure key raw materials and parts used in our products, including steel and aluminum as well as engine parts and frame parts, and we reduce procurement cost and safeguard product quality through near-plant sourcing of these inputs. Leveraging our “China + Southeast Asia + North America” manufacturing footprint and vertically integrated supply-chain arrangements, we coordinate production and supply across regions. Our China manufacturing center covers non-North America deliveries and serves as a technology hub that provides core components, process standards and technical enablement to overseas bases.

In procuring raw materials, we formulate procurement plans based on material requirements planning and production schedules, taking into account factors such as safety stock levels, supplier lead times and order quantities. We have established long-term cooperative relationships with key suppliers of core components, allowing us to maintain steady supply and quality consistency across our production bases. We source our raw materials from suppliers in the PRC, Vietnam and the U.S., and the major raw materials used for products supplied to the U.S. market are mainly of PRC and Vietnam origin, while those used for products supplied to other markets are mainly of PRC origin. During the Track Record Period and up to the Latest Practicable Date, we did not purchase U.S.-origin raw materials or components from third-party suppliers in the United States. Tariffs and export restrictions did not have any material adverse impact on our procurement of raw materials during the Track Record Period, and similar raw materials are readily available from alternative domestic suppliers on comparable terms and quality.

Prices of raw materials may fluctuate due to changes in global and domestic economic conditions, government regulations, supply-demand dynamics and geopolitical developments. While such factors may limit our bargaining flexibility to a certain extent, our diversified supplier network and regionalized procurement structure help mitigate the impact of price volatility.

During the Track Record Period, we did not experience any significant shortages in raw material supply, and raw materials provided by our suppliers did not exhibit any material quality issues.

BRANDING AND MARKETING

We focus on multi-dimensional brand building and value creation. We have established a holistic brand matrix centered on four of our core proprietary brands: DENAGO, GOTRAX, TEKNO and TAO MOTOR. Through optimized and differentiated operations, we continue to amplify our brand synergies. Our four core brands feature clear positioning and complementary strengths, as summarized below. For more information regarding our proprietary brands and self-branded products, see “— Our Brands and Products.”

Our marketing strategy covers both retaining existing customers and attracting new customers through our continuous efforts in improving customer experience and loyalty. To achieve this, we adopt multi-faceted marketing initiatives, combining online and offline channels to continuously expand our brand influence. Specifically, we leverage a broad mix of industry exhibitions, sporting events, media and periodicals, and digital/new-media platforms to promote our brands and products.

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During the Track Record Period, we participated in internationally recognized exhibitions and events including PGASHOW, AIMExpo, NASCARXfinity, MotoGP, ElectrifyExpo, DALLASOPEN, and sponsorship to NBA team. We further integrated celebrity endorsements with scenario-based marketing, while advancing corporate social responsibility initiatives. Notably, a “GOTRAX” campaign video supporting mobility for persons with disabilities garnered over two million. We elevated content marketing, increased investments in high-quality production and design, and executed carefully planned strategies with creative storytelling. As a result, we reinforced our positive brand image and significantly improved the reach and engagement of our social-media content.

In addition, we have deeply integrated with digital and new-media platforms, including YouTube, Facebook, Instagram, X (formerly, Twitter) and TikTok. We have established an international operations team led by senior marketing professionals. This team conducts targeted content marketing and community management across mainstream social-media platforms, through which we have built a large and highly-engaged user community, constituting a significant intangible brand asset.

OUR TECHNOLOGIES

Our patented technologies are applied across our principal product lines and have been commercialized and applied in mass production. They principally relate to vehicle powertrain integration, thermal management, suspension and structural design, and are aimed at improving product performance, safety and reliability.

For our LSEV products, our key technologies include front-wheel dual-drive assemblies, drive assemblies for golf carts and linkage-shaft configurations. These technologies are designed to improve load distribution, power transmission and heat dissipation, while enhancing vehicle stability, durability and operating performance in golf-course and similar operating conditions. The linkage-shaft configuration also facilitates coordinated movement between two carts while maintaining controlled spacing, which is particularly useful on uneven terrain.

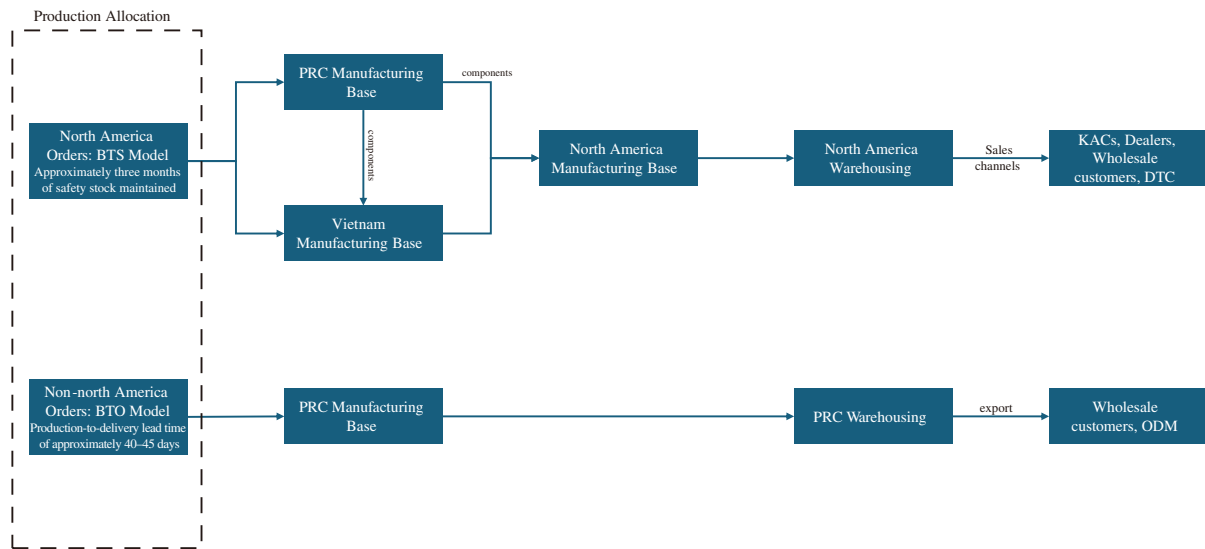
For our ATV products, our key technologies mainly focus on suspension and rear swing-arm design. Our single-arm front suspension system for youth ATVs is intended to improve steering precision, cornering stability and riding safety by reducing rollover risk and mitigating vibration and impact during driving. In addition, our replaceable rear swing-arm and anti-shake rear swing-arm technologies are designed to facilitate maintenance and replacement, enhance damping and structural stability, reduce component wear and displacement, and improve overall reliability.

PRODUCTION

We operate a multi-regional production network across China, Southeast Asia, and United States to actively support our international operations. Our production model combines (i) in-house R&D and design, (ii) in-house production of certain core components and (iii) international supply chain management, enabling us to coordinate key stages of product development and manufacturing across regions.

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The following flowchart shows our entire business flow from production to delivery as of the Latest Practicable Date.



Our Manufacturing Bases

To address changes in international trade and supply chain conditions, we have developed a multi-regional manufacturing network featuring regionalized production and localized sourcing across our three manufacturing bases. We plan to allocate our production capacity based on market demand, tariff policies and supply chain arrangements. Our North America Base is expected to focus on the local assembly of LSEVs for the U.S. market, while our Vietnam Base is expected to focus on the production of LSEV frames and selected components, as well as finished ATVs, for the U.S. market. Our PRC Base is expected to focus on powersports and other non-LSEV E-mobility products. The following table sets forth a summary of our manufacturing base for our major products as of the Latest Practicable Date.

Manufacturing Base	Location	Number of Facilities	Site Area (sq.m.)	Principal products	Production Status	Target Market	Property Interest
North America Base	U.S.	Four	124,004	LSEV	Commenced production in 2024	U.S. market	Self-owned/leased
Vietnam Base	Vietnam	Two	36,208	LSEV and ATV	Commenced production in 2024	U.S. market	Leased
PRC Base . .	Zhejiang, China	Two	234,896	All E-mobility products and Powersports	Commenced production in 2015	Global market	Self-owned

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The table below sets out the details on our three manufacturing bases for the periods indicated.

	Year ended December 31,									Four months ended April 30,					
	2023			2024			2025			2025			2026		
	Production Capacity ⁽¹⁾	Production Volume	Utilization Rate ⁽²⁾	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
North America Base															
E-mobility products:															
LSEVs	—	—	—	—	—	—	20,000	14,663	73.3	4,000	2,619	65.5	20,000	17,830	89.2
Vietnam Base															
E-mobility products:															
LSEVs ⁽⁶⁾	—	—	—	20,000	10,023	50.1	20,000	27,605	138.0	6,667	2,704	40.6	6,667	—	—
Powersports:															
ATV	—	—	—	6,000	2,196	36.6	12,000	7,898	65.8	4,000	5,020	125.5	4,000	2,134	53.4
Overall — Vietnam Base ⁽²⁾	—	—	—	26,000	12,219	47.0	32,000	35,503	110.9	10,667	7,724	72.4	10,667	2,134	20.0
PRC Base															
E-mobility products:															
LSEVs ⁽⁵⁾	5,000	4,475	89.5	33,000	34,171	103.6	33,000	1,193	3.6	11,000	325	3.0	1,000	737	73.7
Electric															
Two-wheelers:															
Electric Scooters	N/A ⁽⁴⁾	379,433	N/A	N/A	384,521	N/A	N/A	434,013	N/A	N/A	72,185	N/A	N/A	70,679	N/A
Electric Balance Bikes	N/A	410,495	N/A	N/A	279,518	N/A	N/A	288,780	N/A	N/A	65,375	N/A	N/A	51,485	N/A
Electric Bicycles	N/A	62,769	N/A	N/A	51,012	N/A	N/A	58,066	N/A	N/A	8,572	N/A	N/A	24,829	N/A
Subtotal	1,210,000	852,697	70.5	1,210,000	715,051	59.1	1,182,000	780,859	66.1	394,000	146,132	37.1	394,000	146,993	37.3
Powersports⁽⁵⁾:															
ATV	N/A	89,518	N/A	N/A	139,686	N/A	N/A	137,080	N/A	N/A	42,866	N/A	N/A	42,840	N/A
Off-road Motorcycles	N/A	49,293	N/A	N/A	73,872	N/A	N/A	73,592	N/A	N/A	17,657	N/A	N/A	23,327	N/A
Subtotal	239,580	138,811	57.9	233,580	213,558	91.4	233,580	210,672	90.2	77,860	60,523	77.7	87,860	66,167	75.3
Others⁽³⁾	990,000	269,280	27.2	990,000	506,258	51.1	990,000	341,591	34.5	330,000	91,338	27.7	330,000	76,627	23.2
Overall — PRC Base ⁽²⁾	2,444,580	1,265,263	51.8	2,466,580	1,469,038	59.6	2,438,580	1,334,315	54.7	812,860	298,318	36.7	812,860	290,524	35.7
Aggregate — all production bases and all production lines⁽²⁾															
	2,444,580	1,265,263	51.8	2,492,580	1,481,257	59.4	2,490,580	1,384,481	55.6	827,527	308,661	37.3	843,527	310,488	36.8

Notes:

- (1) Our capacity calculation for each period is based on an assumed standard working schedule of eight hours per employee per day. The production-capacity figures for the four months ended April 30, 2025 and 2026 have not been annualized.
- (2) Utilization rate is calculated by dividing production volume by the production capacity for the same periods. The overall utilization rate for each production base is calculated by dividing the aggregate production volume of all production lines at that production base by the aggregate production capacity of all such production lines. The aggregate utilization rate for all production bases and all production lines is calculated by dividing the aggregate production volume of all production lines at all three production bases by the corresponding aggregate production capacity.
- (3) Others mainly consisted of helmets, which were manufactured on production lines separate from those used for the E-mobility and powersports products. The relevant production capacity was established before the Track Record Period on higher historical sales volume of helmet. As customer orders for helmets during the Track Record Period were lower than the historical level, actual production volume remained below production capacity, resulting in relatively low utilization rates.
- (4) The production capacity and utilization rate for certain non-LSEV products manufactured at our PRC Base are shown as “N/A” on an individual product category basis because such products are manufactured on shared production lines. At our PRC Base, electric scooters, electric balance bikes and electric bicycles are manufactured on shared electric two-wheeler production lines, while ATVs and off-road motorcycles are manufactured on shared powersports production lines. Accordingly, capacity and utilization are calculated and presented on a combined basis for the electric two-wheeler and powersports product groups, respectively, and are not separately allocated to individual product categories within each product group. The actual production volume of each individual product category is presented separately. The utilization rate for the four months ended April 30, 2026 was lower than the full-year utilization rate of 66.1% in 2025, primarily due to (i) seasonally lower demand during the first four months of the year, as sales of electric two-wheelers generally peak in the fourth quarter; and (ii) reduced production activity during the Chinese New Year holiday.

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- (5) The utilization rate of our LSEV in the PRC Base decreased from 103.6% in 2024 to 3.6% in 2025, primarily reflecting a temporary reallocation of certain final vehicle assembly activities serving the U.S. market to the United States during the tariff period. Under this arrangement, certain assembly processes were completed in the United States, which enhanced our supply chain flexibility. In light of the low utilization rate in 2025, in early 2026, we reallocated most of the relevant PRC LSEV production capacity to powersports. At our PRC Base, ATVs and off-road motorcycles are manufactured on shared production lines. Accordingly, their production capacity and utilization rate are calculated and presented on a combined basis for the powersports product group, rather than separately for each product category. As a result of such reallocation, the production capacity allocated to LSEVs at our PRC Base decreased from 11,000 units for the four months ended April 30, 2025 to 1,000 units for the corresponding period in 2026. As the utilization rate is calculated by dividing actual production volume by the production capacity allocated to the relevant product category, the utilization rate increased from 3.0% to 73.7%, primarily reflecting the substantial reduction in the capacity allocated to LSEVs, while actual LSEV production volume increased from 325 units to 737 units over the same periods.
- (6) The utilization rate of the Vietnam Base decreased from 138.0% in 2025 to nil in the four months ended April 30, 2026, primarily because, since early 2026, we have reallocated our finished LSEV assembly activities from the Vietnam Base to our North America Base, with the Vietnam Base focusing primarily on the production of LSEV frames and selected components for U.S. local assembly.

Manufacturing Capacity Expansion

We are constructing a new production line in Zhejiang, the PRC, with a designed annual production capacity of 40,000 high-displacement specialty vehicles. The Zhejiang facility is primarily designated for the manufacture of high-displacement powersports vehicles, including ATVs and UTVs with engine displacement of 300cc and above, and may also support the production of other high-displacement vehicles such as motorcycles. As of the Latest Practicable Date, the construction of the plant buildings and related infrastructure had been substantially completed, and we expect to complete the remaining construction work in November 2026. With respect to the new production lines at our PRC Base, we expect to install automated production lines, robotic equipment and testing equipment, complete commissioning and commence trial production in 2026, with production capacity expected to increase progressively thereafter. Separately, as part of our overseas production capacity expansion, we are developing our Thailand facility in phases. The Thailand facility is expected to be fully completed by 2030, with a total investment of approximately US\$34.1 million. Upon full operation, it is expected to have a designed annual production capacity of approximately 30,000 ATVs and 40,000 LSEVs. Although the Thailand facility had not commenced production as of the Latest Practicable Date, if ATVs and LSEVs manufactured at the facility were exported to the United States and qualified as Thailand-origin products, such Thailand-origin ATVs and LSEVs would be subject to aggregate U.S. tariff rates of approximately 15.0% and 27.5%, respectively, the same as those applicable to the corresponding Vietnam-origin products. Our planned Thailand facility is expected to provide a relative tariff advantage by enabling our products that satisfy U.S. rules of origin to qualify as Thailand-origin rather than PRC-origin, thereby further reducing our tariff exposure specifically to PRC-origin products. In addition, our Vietnam Base commenced production in 2024 and operates from leased premises. While we currently have no plans to terminate our lease in Vietnam, our self-built Thailand facility is expected to provide greater long-term control over our production premises and reduce our exposure to lease-related risks. It is also expected to complement our U.S. operations by providing an additional overseas manufacturing location and greater flexibility to adjust production allocation in response to changes in market demand, tariff policies and supply chain conditions.

Manufacturing Reallocation

In response to changes in market demand, tariff policies and supply chain arrangements, we have been reallocating our production and assembly of our products from our PRC Base to Vietnam Base and North America Base. During the Track Record Period, our revenue generated from PRC-origin products that were subject to U.S. tariffs accounted for 71.3%, 76.4%, 50.4% and 24.5% of our total revenue, respectively. Such reallocation mainly relates to U.S.-bound LSEV, including reallocation of final assembly, selected component production and supply arrangements, while our PRC Base continues to serve as our principal manufacturing, component supply and technical support base across all product lines.

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The relevant LSEV production process is modular and assembly-oriented. Our Vietnam Base produces LSEV frames and selected components, while our North America Base undertakes local assembly of such frames and components, quality control, pre-delivery inspection and delivery for U.S.-bound LSEV products. As of the Latest Practicable Date, we had three CKD assembly lines in the United States. Under the CKD model, vehicle parts and components are shipped separately to the destination market and assembled locally into finished vehicles. These assembly lines are primarily used for assembling U.S.-bound LSEV products from CKD component sets and selected components. We also provide standardized operating procedures and training to production staff at our overseas facilities, with process and quality-control support from our PRC Base. We plan to further enhance our U.S. localized manufacturing and assembly capabilities by adding one CKD assembly line in 2026, installing equipment for chassis frame processing, including cutting, bending and welding, and recruiting and training relevant production, engineering and quality control personnel. The combined LSEV production capacity of our Vietnam Base and North America Base in the four months ended April 30, 2026 was sufficient to cover our LSEV sales in the North America market during the same period. In addition, the monthly LSEV production capacity of our North America Base continued to increase, from an average of approximately 5,000 units in the four months ended April 30, 2026 to over 8,000 units in June 2026. Taking into account our existing production lines, trained production staff, standardized procedures and production ramp-up, our Directors believe that our Vietnam Base and North America Base have the capacity and practical manufacturing capabilities to undertake the relevant U.S.-bound LSEV orders reallocated from our PRC Base.

The following table sets forth our target production mix for our current and planned manufacturing bases as of the Latest Practicable Date:

Manufacturing base	Status	Target production mix
PRC Base	Operational	Finished non-LSEV products and related components; finished LSEV products and related components for markets outside the U.S.; selected components only for U.S.-bound finished LSEV products; and development, trial production, testing and small-batch production of selected models
North America Base	Operational	Local assembly of finished LSEV products for the U.S. market, primarily through CKD assembly lines, together with quality control, pre-delivery inspection and delivery
Vietnam Base	Operational	LSEV frames and selected components of E-mobility products, such as electric bicycles, and finished ATV products
Planned Thailand facility . . .	Under construction	Finished ATV products and finished LSEV products

The actual production allocation among our manufacturing bases may be adjusted from time to time based on market demand, tariff policies, production ramp-up, supply chain arrangements and customer requirements.

Our production reallocation has effectively mitigated the impact of tariffs and AD/CVD primarily in respect of U.S.-bound LSEV products. In particular, for LSEV products sold in the United States, we have shifted from exporting PRC-origin finished LSEV products to the United States to assembling LSEV products at our North America Base using, among others, CKD component sets, including Vietnamese-origin components. This has reduced our exposure to AD/CVD applicable to PRC-origin finished LSPTV products. For non-LSEV products manufactured in Vietnam and sold in the United States, we label the country of origin of the relevant products as Vietnam where the relevant manufacturing process in Vietnam satisfies the applicable substantial transformation standard under U.S. customs rules. For components and products manufactured in our Vietnam Base, we have obtained country of origin certification from the Agency of Foreign Trade of Vietnam.

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Following the production reallocation, the utilization rate of our LSEV production line at our PRC Base decreased. To address the lower utilization of our PRC facilities, we reallocated the relevant PRC LSEV production lines to powersports products, non-LSEV E-mobility products and selected component production in January 2026. We also plan to improve utilization through production scheduling, equipment and tooling adjustment, and process standardization. The shift from LSEV production to powersports product manufacturing at our PRC Base is expected to help improve utilization rate because certain production processes, equipment and quality-control procedures are shared or adaptable across vehicle categories. However, such shift is primarily a facility-utilization measure and does not by itself eliminate tariff exposure for PRC-origin powersports products exported to the U.S. The overall impact of such tariff exposure for PRC-origin powersports is expected to be limited because our PRC Base also supports products and components for markets outside the U.S., and we may allocate U.S.-bound production among our PRC Base, Vietnam Base and North America Base based on prevailing market demand, tariff policies and supply chain arrangements.

Our Manufacturing Models

We adopt a hybrid manufacturing approach combining BTS and BTO models. We operate integrated production lines and produce all major components in-house, except for certain models’ engines, controllers, tires and other accessories. For the U.S. and Canadian markets, we primarily adopt the BTS model as we have established multiple regional sales and warehousing centers with localized marketing and logistics capabilities. This “warehouse-based” sales model allows us to stock key products based on historical sales patterns and demand expectations, shorten delivery lead times, improve order fulfilment efficiency and inventory turnover, and reduce customers’ operating concerns and working capital burden. For overseas markets outside the U.S. and Canada, where our products are generally sold under ODM arrangements, we primarily adopt the BTO model, under which we organize production in accordance with customers’ purchase orders and deliver products pursuant to the agreed delivery terms. This order-driven approach helps us match production with actual demand and manage inventory risk, while maintaining an efficient fulfilment cycle, with a typical lead time of around one week from finished goods release to delivery to Ningbo port for export shipments.

Our Production Process

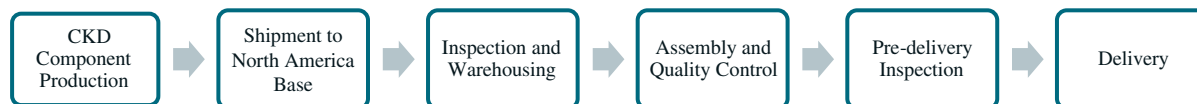
Our production process of E-mobility products and powersports is designed to promote high standards of quality and facilitate a rapid production ramp-up to satisfy customers’ needs. We outsource certain non-core processing of raw materials to qualified subcontractors, primarily involving selected aluminum parts, plastic parts and helmet-related components, and the outsourced processes mainly include surface treatment, fine machining of aluminum profiles, water-transfer printing and processing of plastic parts and processing of helmet liners, while core manufacturing, final assembly and final quality inspection remain in-house. We manage subcontractors through an approved subcontractor list and written processing agreements specifying technical standards and acceptance criteria, and we conduct incoming inspection of raw materials and inspection and testing on outsourced parts/materials, including outsourced-processing inspection and durability testing on key components, before the relevant materials or components are used in production. We also require suppliers to provide third-party material inspection or testing reports, including for selected plastic and metal materials, and engage a third-party testing agency to test whether our batteries comply with applicable battery safety and transportation safety standards.

We allocate production and assembly work among our PRC, Vietnam and the U.S. manufacturing bases. Our PRC manufacturing base serves as a principal manufacturing and component supply base, our Vietnam production facility serves as an overseas manufacturing and selected component supply base, and our North America Base serves as a local assembly, quality control, pre-delivery inspection and delivery base for North America orders. For non-North America orders, the relevant manufacturing and assembly processes are generally undertaken by our PRC and Southeast Asia manufacturing base,

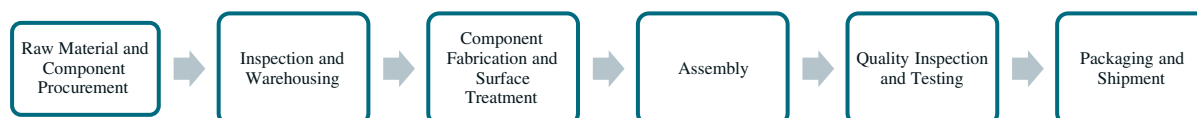
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while for North America orders, CKD component sets and selected components sourced from China and Vietnam are generally shipped to our North America Base for local assembly and delivery. The following charts illustrate the principal steps for North America and non-North America orders.

North America Orders



Non-north America Orders



SEASONALITY

We experience seasonality in certain product categories of our business, primarily due to differences in end-market demand and usage scenarios. Demand for our LSEVs is generally stronger in the second and third quarters of each calendar year, primarily because warmer weather is more conducive to outdoor and community usage, while demand is typically lower in the first quarter. Sales of our electric two-wheelers products generally peak in the fourth quarter, mainly driven by holiday-season demand in the United States, including Thanksgiving and Christmas. Our powersports products have not historically exhibited a clear seasonal pattern. We expect such seasonal fluctuations to continue to affect our business in the future, although past seasonal trends may not be indicative of our future operating results.

PRICING

The prices of our products are determined based on various factors, including the market positioning, specifications and functions of the relevant product model, procurement and production costs, supply and demand, prevailing market conditions, prices of comparable products in the market, order volume, sales channel, logistics and after-sales service arrangements and our expected profit margin. We generally set recommended retail prices for our proprietary branded products with reference to the target customer segment, brand positioning and prevailing market prices of comparable products. Our pricing arrangements may vary across different sales channels. For sales to KACs, we may provide temporary promotional price support for selected products during specific promotional periods, such as Black Friday. Such support is determined on a case-by-case basis and does not represent a fixed channel-wide discount. For sales through our DTC websites, we may offer coupons, seasonal promotions or other promotional discounts to end customers, generally ranging from approximately 5% to 15%. For sales to dealers, we may provide sales performance-based discounts to certain dealers who achieve sales targets, generally ranging from approximately 5% to 10%. For ODM and wholesale sales, prices are generally negotiated and agreed with customers in advance based on product specifications, order volume and commercial terms, and we generally do not provide separate discount arrangements.

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LOGISTICS AND INVENTORY MANAGEMENT

Warehouse and Logistics

We primarily operate a BTS model in support of our international operations. As of the Latest Practicable Date, we had established eight sales and warehouse centers in North America. These facilities are used for product storage, distribution and after-sales parts supply, and support the fulfilment of orders in the United States and Canada. We also maintain dedicated spare parts warehouses in North America to facilitate customer maintenance and repair. These warehouses are linked with our domestic and overseas parts order systems to enable timely supply of replacement parts and reduce repair lead times.

We procure delivery services from third-party logistics service providers. As of April 30, 2026, we collaborated with 61 third-party logistics service providers. We select logistics service providers based on their track record, delivery efficiency, management ability and price. Our arrangements with third-party logistics service providers allow us to efficiently deliver our products, reduce our capital investment and reduce the risk of incurring liability for traffic accidents, delivery delays or loss. Once our logistics service providers confirm receipt of the products to be delivered, the risks relating to the transportation and delivery of our products are transferred to the logistics service providers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or suffer any loss as a result of delays in delivery or poor handling of goods.

Our logistics and warehousing capabilities form a critical component of our international production and supply chain layout. By combining “China + Southeast Asia + North America” production capacity with localized warehouse-based sales, we have established an efficient “production–warehouse–delivery–after-sales” cycle. This system supports the stability of our international operations, strengthens our market competitiveness and underpins the sustainable growth of our international business.

Inventory Management

Our inventory primarily includes raw materials, work in progress, finished goods, outsourced processing materials, and goods in transit. Our inventory turnover days were 199 days, 183 days, 232 days and 229 days in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. This reflects our BTS model and the need to maintain adequate finished goods and spare parts inventories for timely delivery and after-sales service, particularly in overseas markets. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position” for details.

We implement strict inventory control policies to monitor our inventory levels at our production facilities and warehouses. We proactively coordinate with our procurement department and sales and marketing departments and maintain suitable levels of raw materials, work in progress and finished goods. We also typically prepare production and procurement plans taking reference to production forecasts and seasonality.

We manage our inventory through an integrated planning and control framework across our production bases and warehouses. We conduct sales and operations planning, which links demand forecasting, customer order visibility and production scheduling, and we update our procurement and production plans with reference to sell-through trends and seasonality. In North America, to support our BTS model and after-sales service, we maintain appropriate levels of finished goods and spare parts in local warehouses to meet delivery requirements, while in other overseas markets we primarily adopt a BTO model to reduce finished goods inventory exposure. We also perform regular inventory monitoring

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and management review, including monthly analysis of inventory balance and ageing by product category and location, and we adjust production pacing and stock deployment accordingly to mitigate the risks of overstocking and obsolescence arising from changes in consumer demand and product cycles.

PRODUCT QUALITY CONTROL

Product quality is vital to our business. We have devoted substantial resources to quality control since the founding of our business and have obtained ISO9001 certification for our quality management system. Our quality control procedures cover the full lifecycle of our products, from initial product design and procurement of raw materials to manufacturing processes and inspection and testing, and after-sales service. Notably, we have established an in-house product testing center equipped to perform key tests on our products, and we monitor and analyze customer feedback from after-sales channels to support continuous improvement of our products.

We operate an in-house product testing centre at our testing centre in Jinyun, Zhejiang, China. In addition, we engage independent third-party testing agencies from time to time to conduct specific tests and inspections required for product certification and regulatory compliance for powersports in certain markets.

Our quality control policies are calibrated to applicable national and overseas regulatory regimes and, where required, our products have obtained the relevant certifications and approvals, or comply with the applicable regulatory requirements, in the jurisdictions in which they are sold, including CCC in China for applicable product categories, CE marking and E-mark in the EU, ABE issued by KBA under Germany’s eKFV regulation for electric scooters and balance vehicles used on public roads, and, in the United States, EPA approval, CARB certification for sales in California, and compliance with the CPSC product-safety framework. During the Track Record Period, we did not experience any material quality-related issues that had a significant adverse impact on our business, financial condition or reputation.

Save for the administrative penalty of RMB6,000 relating to certain helmet products procured from a third-party supplier that were found not to conform in testing in 2024, as disclosed under “— Legal Proceedings and Compliance — Compliance — Administrative Penalty,” our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, the products manufactured and sold by our Group complied in all material respects with the applicable product-safety standards and mandatory certification requirements. During the Track Record Period, we did not experience any product recall. Following the helmet incident, we ceased selling the relevant products, terminated cooperation with the relevant supplier and strengthened our supplier qualification.

TRANSFER PRICING

Intra-Group Transactions and Pricing Policy

During the Track Record Period and up to the Latest Practicable Date, we conducted all intra-group transactions in accordance with our transfer pricing policy based on the arm’s length principle. In particular, all related-party transactions were priced as if the parties were unrelated and negotiating on normal commercial terms. This policy aligns with internationally recognized standards and practices for transfer pricing, ensuring that no artificial profit shifting occurs among our group entities.

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The intra-group transactions undertaken by our Group during the Track Record Period mainly included the following:

- **Provision of Finished Products and Components.** We sold finished products, primarily complete vehicles and vehicle parts, to our affiliated overseas sales subsidiaries and certain domestic subsidiaries for distribution in their respective markets. In addition, we sold components to our manufacturing facilities in the United States and Vietnam for use in the local assembly and production of finished products.
- **Procurement of Key Components.** We procured essential components, notably electric motors and lithium battery packs, primarily from our wholly-owned subsidiary, TaoTao Technology, which supplies these parts to our Company.
- **Receipt of Services.** We received various intra-group services from affiliates, including research and development support services as well as other administrative and technical services to assist our operations.

The following table sets forth a breakdown of our transfer pricing transaction by nature for the periods indicated:

Cash Transferor	Cash Transferee	Year ended December 31,			Four months ended April 30,	Aggregate Amount	Percentage of Total Related Party Transactions
		2023	2024	2025	2026		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	%
Provision of finished products and components							
U.S. subsidiaries	Our Company	914,111	1,780,977	478,040	56,697	3,229,825	63.5
Vietnam subsidiaries . .	Our Company	—	23,198	328,291	12,136	363,625	7.1
Canada subsidiaries. . .	Our Company	57,790	66,535	108,736	68,653	301,714	5.9
PRC subsidiaries	Our Company	63,290	15,858	8,471	7,966	95,585	1.9
Other overseas subsidiaries.	Our Company	1,652	955	926	180	3,713	0.1
Subtotal		1,036,843	1,887,523	924,464	145,632	3,994,462	78.5
Procurement of key components							
Our Company	PRC subsidiaries	270,089	312,574	364,133	129,214	1,076,010	21.1
Our Company	Other overseas subsidiaries	351	—	16,316	4,150	20,817	0.4
Subtotal		270,440	312,574	380,449	133,364	1,096,827	21.5
Receipt of services							
Our Company	PRC subsidiaries	557	133	133	33	856	—
Total		1,307,840	2,200,230	1,305,046	279,029	5,092,145	100.0

We have engaged an independent Tax Advisor to conduct a comprehensive transfer pricing analysis on our related party transactions during the Track Record Period. The Tax Advisor has reviewed the relevant related party transactions to assess whether the profit level earned by the relevant entities involved in such transactions (the “**Tested Parties**”) is consistent with an arm’s length level of profit. The analysis was prepared with reference to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations published in 2022. The transfer pricing regulations in the PRC and other relevant tax jurisdictions are broadly consistent with the methodologies set out in the OECD Transfer Pricing Guidelines.

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After evaluating the various transfer pricing methods permitted under the OECD Transfer Pricing Guidelines and the PRC transfer pricing rules, the Tax Advisor selected the transactional net margin method (the “TNMM”) as the appropriate method to assess whether the Tested Parties’ transactions were conducted on an arm’s length basis. Under the TNMM, the Tested Parties’ full cost mark-up is compared against the full cost mark-up of independent companies engaged in comparable transactions.

Based on the Tax Advisor’s assessment of the intra-group transactions and the transfer pricing benchmarking analysis performed through the identification and evaluation of comparable companies, the Tested Parties’ full cost mark-up was not less than the arm’s length range. The Tested Parties were adequately compensated for the relevant related party transactions during the period under review, and such compensation was commensurate with their respective functions performed and risks assumed. Accordingly, the Tested Parties’ profit level was considered to be in line with the arm’s length principle. The Tax Advisor is of the view that the risk of potential transfer pricing adjustments is low.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any penalties, investigations, queries or transfer pricing audits by the local tax authorities in respect of such intra-group transactions. Accordingly, and as advised by our Tax Advisor, our Directors are of the view that the intra-group transactions described above were conducted on an arm’s length basis and that we complied with the relevant transfer pricing laws and regulations during the Track Record Period. The Directors are of the view that the Group’s transfer pricing arrangements during the Track Record Period were conducted on normal commercial terms and on an arm’s length basis, that such related party transactions are fair and reasonable and in the interests of us and our Shareholders as a whole, and that our transfer pricing policies and results are consistent with applicable tax requirements; and that, as of the Latest Practicable Date, no tax authority has initiated, threatened or raised any pending actions or enquiries in respect of our transfer pricing practices. See “Risk Factors — We are subject to regulatory risks with respect to tax compliance regulations and policies.”

Ongoing Compliance Measures

We are committed to maintaining strict compliance with transfer pricing rules on an ongoing basis. To this end, we have implemented and will continue to implement internal control measures and governance procedures to ensure our intercompany pricing remains arm’s length, including conduct of periodic independent reviews, internal monitoring and controls, staff training and expertise, and policy updates and adjustments.

These measures are designed to ensure that our transfer pricing practices remain compliant with all applicable requirements and that the outcomes of our intra-group transactions continue to reflect arm’s length terms. Our management and Board of Directors will closely oversee the implementation of these measures, and we will continue to consult professional tax advisors on a regular basis to reinforce our transfer pricing compliance program. These ongoing efforts will help mitigate the risk of transfer pricing challenges and provide assurance to our shareholders and regulators that the Group’s profits are properly reported in each jurisdiction in accordance with value creation.

RESEARCH AND DEVELOPMENT

In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our research and development expenses amounted to RMB87.7 million, RMB125.5 million, RMB123.4 million, RMB27.3 million and RMB29.0 million, respectively. Our research and development strategy is to create technologies to promote the development of our products, providing better driving experience. Our product development strategy involves research and development on E-mobility products and powersports based on customer demands and technological developments. Our in-house research and development team conducts initiatives to expand the available functionalities and application scenarios of our products.

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Our R&D activities focus primarily on the development and upgrade of our E-mobility and powersports products, including LSEVs, ATVs, UTVs, off-road motorcycles, go-karts and other outdoor leisure products. During the Track Record Period, we continued to improve our products in areas such as vehicle structure and chassis design, electric drive and power systems, battery and thermal management, wiring harnesses, engine performance, CAN bus communication, EPS steering, IoT connectivity, OTA remote upgrades and intelligent display and interaction systems. We have also focused on the development of medium- and large-displacement powersports products, including the ongoing development of our 1,000 cc ATV program, which involves the integration and optimization of our in-house 1,000 cc engine, chassis calibration, steering tuning, E/E system optimization and safety and handling enhancements. The 1,000 cc ATV program is currently between the R&D validation testing stage and the production line commissioning stage, and is expected to commence commercialization in 2027. Through these R&D efforts, we aim to enhance product performance, reliability, user experience and production efficiency, broaden the application scenarios of our products and support the continued upgrade of our product portfolio.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned 390 registered patents in China, 126 registered patents in the U.S., and 123 registered patents in other countries around the world. Through the Champion Holdings Acquisition, we also acquired control over Champion Motorsports’ ownership of the “Racka” trademark, which became an additional proprietary brand of our Group. We also acquired control over Champion Motorsports’ contractual rights as licensee to use the “COLEMAN” and “MADDOG GEAR” trademarks and trade names. For details of our material intellectual property rights, see “Statutory and General Information — B. Further Information about our Business — 2. Our material intellectual property rights” in Appendix IV.

We protect our intellectual property rights, including trademarks, patents and domain names, in accordance with the relevant laws and regulations and contractual agreements. We have established an intellectual property management system, and improve our intellectual property management system in line with our business development. During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business.

COMPETITION

We primarily compete with a number of domestic and international E-mobility products and powersports companies. See “Risk Factors — Risks Relating to Our Business — We may face intense competition in the E-mobility and powersports industry.” The current global E-mobility products and powersports industry is highly competitive and concentrated. According to Frost & Sullivan, we ranked first by revenue in the global LSEV industry in 2025, with a global market share of approximately 10.9%. With deep industry experience, strong R&D and manufacturing capabilities, broad product portfolios and large and stable distribution network, we believe that we are well positioned to excel in the competition in our industry. See “— Competitive Strengths” and “Industry Overview.”

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EMPLOYEES

Our people-centric culture promotes sustainable growth internally and customer bonding externally. We are dedicated to creating a fair, just and open environment for our employees. As of April 30, 2026, we had 3,222 employees. Most of our employees are based in Lishui, Zhejiang Province, China. The following table sets forth a breakdown of our employees by function as of the same date.

	Number of employees
Sales	208
Research and development	291
General administration and management	344
Production	2,379
Total	3,222

We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. During the Track Record Period and up to the Latest Practicable Date, there were no material strikes which had an adverse impact on our operation and no material disputes between the Group and our employees.

INSURANCE

We consider our insurance coverage adequate and in accordance with the commercial practices in the industry in which we operate. We maintained product liability insurance for our E-mobility and powersports products, covering third-party claims for bodily injury, death and property damage. We also maintained export-related insurance covering losses arising from overseas customers’ failure to pay amounts due, with a maximum coverage limit of US\$16.0 million. We provide social security insurance, including pension insurance, work injury insurance, maternity insurance, medical insurance and unemployment insurance for our employees. We do not maintain business interruption insurance or key-man insurance. Our management evaluates the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. During the Track Record Period, we did not make any material insurance claim in relation to our business.

DATA SECURITY AND PRIVACY

In the ordinary course of our business, we mainly collect, store and use certain personal information in connection with sales within the United States through our self-operated DTC websites from time to time. Personal information of our customers is collected when they place orders through our DTC websites. Such information primarily includes their names, mobile phone numbers and order information. In addition, during the sales process of our dealers, certain end customers may be required to complete vehicle registration and warranty activation through our official website. Accordingly, we may obtain information such as such customer’s name, contact details, vehicle model, VIN and the dealer from which the vehicle was purchased. We collect customers’ personal information only with their explicit consent and store such data on third-party cloud servers located in the United States and operated by reputable service providers. For information collected through third-party platforms, such information is stored on the relevant platforms’ servers and managed in accordance with their applicable security standards and privacy policies. We do not control the underlying storage environment and only access such data within the scope authorized by the relevant customers or business partners and to the minimum extent necessary for the relevant business purposes, with internal access restricted to authorized personnel on a need-to-know basis. In respect of personal information collected through our U.S. sales operations, such information is stored in the U.S., and we do not

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transfer such information outside the United States for storage or processing. Separately, in connection with our rental services for sightseeing vehicles in scenic areas and our e-commerce websites outside the U.S., we collected, processed and stored limited personal information in the Chinese Mainland, Japan and Canada, which was stored locally in the jurisdiction where it was collected. Such personal information was collected with the relevant individuals’ consent as required under applicable laws and regulations. During the Track Record Period, we were not involved in any cross-border transfer of personal information or important data. Our information technology department is responsible for system security administration, account and access-right management, while relevant business departments are responsible for reviewing the compliance of data use. We have implemented personal information protection-related controls under our broader cybersecurity and data security management framework and related governance arrangements. We have implemented access control and technical security measures to safeguard personal information. Our information technology department is responsible for day-to-day system security administration, account management and access-right management, including role-based access controls and segregation of user accounts and permissions. The relevant business departments are responsible for reviewing the compliance of data use within their respective functions and ensuring that any access to, or use of, personal information is limited to legitimate business purposes and the authorized scope. Access to personal information is restricted to authorized personnel with a legitimate business need and is granted on a need-to-know and least-privilege basis. We have also adopted technical measures such as data encryption, data backup, access control and firewall protection to reduce the risk of unauthorized access, data leakage or other cybersecurity incidents.

We have established internal data-protection policies and a governance structure to help ensure that personal data is accessed and used only for legitimate business purposes and in compliance with applicable data protection and privacy requirements. Our information technology department is responsible for day-to-day system security and user access administration, including role-based access controls and segregation of user accounts/permissions. The relevant business departments are responsible for reviewing the compliance of data use within their respective functions and ensuring that any access to, or use of, personal data is on a need-to-know basis.

Given our operations, we are subject to applicable data security and privacy laws and regulations in the United States, including the U.S. Federal Trade Commission Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act and applicable state-level data and privacy requirements. The types of data we process would generally fall within the scope of “personal information” under the PRC Cybersecurity Law, the PRC Data Security Law and the PRC Personal Information Protection Law; however, we do not collect, process or store such personal information within the PRC in connection with our U.S. sales operations. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we have complied with applicable laws and regulations relating to data security and privacy in all material respects and have not received any material penalty due to breach of data privacy. We have not been, and are not, subject to any review by the Cyberspace Administration of China, and the [REDACTED] does not fall within the circumstances requiring a mandatory application for cybersecurity review under the Cybersecurity Review Measures, on the bases that: (i) we and our major PRC subsidiaries are not network platform operators holding personal information of more than one million users; (ii) the [REDACTED] is not a listing on a foreign stock exchange (國外上市) to which Article 7 of the Cybersecurity Review Measures applies; (iii) we and our major PRC subsidiaries have not received any inquiry or notice from any national or local cyberspace administration authority or other regulatory authority requiring us to undergo or apply for cybersecurity review under the Cybersecurity Review Measures; and (iv) we and our major PRC subsidiaries have not received any notice or requirement from the competent authorities responsible for the protection of critical information infrastructure identifying any of our PRC entities as a critical information infrastructure operator.

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We have implemented strict access control and security measures to safeguard the protection of personal information. We do not handle any core data related to national security, national economy or public interest, nor do we handle important data that could endanger national security or public interest if tampered with, destroyed, leaked, or illegally obtained or used. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not experienced any material hacking incident or data leakage. During the Track Record Period and as of the Latest Practicable Date, our legal advisors of all relevant jurisdictions and our Directors are of the view, and the Sole Sponsor concurs, that we had complied with applicable laws and regulations relating to data security and data protection in all material aspects and have not received any penalty due to breach of data privacy.

IMPACT OF U.S. TARIFFS AND TRADE MEASURES

Our Exposure to U.S. Tariffs

The United States is our largest market, accounting for 71.2%, 76.9%, 82.8%, 80.9% and 84.9% of our revenue in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. During the Track Record Period, a substantial majority of the products we sold in the United States were manufactured outside the United States, principally in the PRC and, from August 2024, Vietnam, and imported into the United States.

During the Track Record Period and up to the Latest Practicable Date, imports of our PRC-origin E-mobility products (LSEVs in particular) and powersports into the U.S. were subject to several rounds of tariff adjustments as a result of successive U.S. trade actions of general application, as well as trade remedy proceedings specific to certain of our product categories. During the Track Record Period, our revenue generated from all PRC-origin products that were subject to U.S. tariffs amounted to RMB1,529.3 million, RMB2,275.3 million, RMB1,988.1 million and RMB389.8 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 71.3%, 76.4%, 50.4% and 24.5% of our total revenue, respectively.

For the U.S. market, we primarily adopt a BTS model, where our products exported to the United States are sold in intra-group transactions to our U.S. subsidiaries, which pay the applicable tariffs upon importation into the country. Accordingly, the applicable tariffs are incurred and initially absorbed by our U.S. subsidiaries as part of the landed cost of the imported products, regardless of whether and to what extent our U.S. subsidiaries subsequently make market-driven pricing adjustments in sales to third-party customers. Our Group therefore incurs tariff costs before the products are sold to our customers within the United States.

Tariff levels remain subject to change, and further changes may be announced at short notice. The following table sets forth applicable general tariff rates to our PRC-origin products, including powersport products, namely ATVs, off-road motorcycles, and E-mobility products, namely electric scooters, electric balance vehicles and electric bicycles during the Track Record Period and up to the Latest Practicable Date.

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Period	ATVs	Off-road motorcycles	Electric scooters & electric balance vehicles	Electric bicycles
		<i>(in percentages)</i>		
Jan 1, 2023 — Dec 31, 2023	27.5	7.5	25	—
Jan 1, 2024 — Jun 14, 2024	27.5	7.5	25	—
Jun 15, 2024 — Dec 31, 2024	27.5	7.5	25	25
Jan 1, 2025 — Feb 3, 2025	27.5	7.5	25	25
Feb 4, 2025 — Mar 3, 2025	37.5	17.5	35	35
Mar 4, 2025 — Apr 2, 2025	47.5	27.5	45	45
Apr 3, 2025 — Apr 7, 2025	81.5	61.5	79	79
Apr 8, 2025	131.5	111.5	129	129
Apr 9, 2025 — May 11, 2025	172.5	152.5	170	170
May 12, 2025 — Nov 9, 2025	57.5	37.5	55	55
Nov 10, 2025 — Feb 20, 2026	47.5	27.5	45	45
Feb 21, 2026 — June 7, 2026	37.5	17.5	35	35
June 8, 2026 — July 23, 2026	40	17.5	35	35
July 24, 2026 — up to the Latest Practicable Date	40	20	37.5	37.5

During the Track Record Period and up to the Latest Practicable Date, imports of our PRC-origin LSEVs into the United States were subject to (i) ordinary customs duties, (ii) CVD rates, and (iii) AD rates. Several rounds of adjustments were implemented between late 2024 and 2025, resulting in temporary spikes in the effective duty burden.

The following table sets forth applicable tariff rates to our PRC-origin LSEV products during the Track Record Period and up to the Latest Practicable Date.

Period	Customs duty	CVD rate	AD rate	Total
		<i>(in percentages)</i>		
Jan 1, 2023 — Dec 31, 2023	10	—	—	10
Jan 1, 2024 — Dec 6, 2024	10	—	—	10
Dec 6, 2024 — Dec 31, 2024	10	25.55	—	35.55
Jan 1, 2025 — Jan 29, 2025	10	25.55	—	35.55
Jan 30, 2025 — Feb 3, 2025	10	25.55	248.16	283.71
Feb 4, 2025 — Feb 18, 2025	20	25.55	248.16	293.71
Feb 19, 2025 — Mar 4, 2025	20	28.16	248.16	296.32
Mar 5, 2025 — Apr 2, 2025	30	28.16	248.16	306.32
Apr 3, 2025 — Apr 7, 2025	64	28.16	248.16	340.32
Apr 8, 2025	114	28.16	248.16	390.32
Apr 9, 2025 — May 12, 2025	155	28.16	248.16	431.32
May 13, 2025 — Aug 11, 2025	40	28.16	248.16	316.32
Aug 12, 2025 — Nov 9, 2025	42.5	41.14	291.04	374.68
Nov 10, 2025 — Feb 20, 2026	30	41.14	291.04	362.18
Feb 21, 2026 — June 7, 2026	40	41.14	291.04	372.18
June 8, 2026 — July 23, 2026	20	41.14	291.04	352.18
July 24, 2026 — up to the Latest Practicable Date	35	41.14	291.04	367.18

Note: We had ceased shipping finished PRC-origin LSEVs to the United States by the end of 2024. Certain shipments dispatched before such cessation entered the United States by January 3, 2025. Accordingly, the tariff rates set out in the table above for periods commencing on January 4, 2025 did not apply to any imports of finished LSEVs by our Group thereafter.

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The following table sets forth applicable tariff rates to our Vietnamese-origin products during the Track Record Period and up to the Latest Practicable Date.

Period	ATVs	Off-road motorcycles	Electric scooters & electric balance vehicles	Electric bicycles	LSEVs
			(in percentages)		
Jan 1, 2023 — Dec 31, 2023. . . .	2.5	—	—	—	2.5
Jan 1, 2024 — Dec 31, 2024. . . .	2.5	—	—	—	2.5
Jan 1, 2025 — April 1, 2025. . . .	2.5	—	—	—	2.5
April 2, 2025 — Aug 6, 2025	12.5	10	10	10	12.5
Aug 7, 2025 — Feb 23, 2026	22.5	20	20	20	22.5
Feb 24, 2026 — June 7, 2026	12.5	10	10	10	12.5
June 8, 2026 — up to the Latest Practicable Date	15	12.5	12.5	12.5	27.5

How We Manage Tariff Costs

We manage tariff costs primarily through manufacturing reallocation, and to a lesser extent, through procurement and pricing adjustments. Our manufacturing reallocation and procurement reduce the tariff costs that would otherwise be incurred upon importation, while, where market conditions permit, our U.S. subsidiaries may make upward adjustments to prices to partially offset the tariff costs already incurred. These measures are not mutually exclusive. In response to the U.S. trade restrictions, we have therefore combined partial pricing adjustments with the procurement and manufacturing arrangements described below:

- **Manufacturing Reallocation.** Further to our existing PRC Base, we established and ramped up our Vietnam Base and invested in our North America Base to serve the North American market. The North America Base performs final assembly and customization for local customers in the U.S. See “— Production — Manufacturing Reallocation.”
- **Procurement Adjustment.** We increased “near-plant” sourcing of steel, aluminum and key components in Vietnam and North America, and diversified our supplier base so that a growing proportion of raw materials and non-core parts used for U.S.-bound products is procured in Vietnam, Thailand and the United States rather than solely in the PRC;
- **Pricing Adjustment.** The pricing of our products is primarily market-driven. We generally do not adjust product prices immediately in response to changes in tariff rates, as our pricing decisions take into account various factors, including prevailing market conditions and the prices of competing products. In particular, the tariff rates applicable to PRC-origin LSEV products are at levels that cannot practicably be passed on in full to customers. During the Track Record Period, in instances where our U.S. subsidiaries absorbed the tariff costs as part of the landed cost of the imported products, the aggregate tariff rates applicable to such PRC-origin LSEV products ranged from approximately 10% to 35.55%. Our clearance and shipping costs, which included tariff costs absorbed by us, accounted for 10.4%, 12.8%, 13.4%, 13.3% and 13.2% of our total cost of sales in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Notwithstanding the tariff costs absorbed by us, our LSEV products were not loss-making on a gross profit basis in each year/period during the Track Record Period, with gross profit margins ranging from approximately 30% to 50%. We periodically review our product pricing and profit margins, balancing the need to cover operating costs, including tariffs, against market competitiveness. In doing so, we assess whether a further pricing adjustment would cause the retail price of the relevant product to

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lose competitiveness against comparable products in the relevant market. Where it would, it is no longer commercially feasible to further pass tariff costs on to customers. If prevailing tariff costs cannot be sustainably absorbed through market-based pricing, we may adjust our production arrangements or temporarily suspend sales of certain affected products.

These procurement and manufacturing adjustments have related principally to our LSEV products; on the other hand our powersports and other E-mobility products exported to the United States remain principally PRC-origin, reflecting the lower tariff rates applicable to those categories. Although these adjustments reduce our exposure to tariffs applicable to PRC-origin products, they do not eliminate our tariff exposure, as Vietnam-origin products remain subject to applicable U.S. customs duties and tariffs.

Reallocation of our LSEV manufacturing

For tariff purposes, the frame is the core component of an LSEV in determining its country of origin. A finished LSEV is produced by installing batteries, tires and other components onto the frame and completing the relevant assembly processes. We implemented our manufacturing reallocation in three stages to progressively reduce our exposure to the risk that our LSEVs or the core component of our LSEVs would be considered PRC-origin.

2024 — Establishment of overseas production. We obtained the investment registration certificate for our Vietnam Base on January 4, 2024, and the base commenced production in August 2024, undertaking complete vehicle production of certain LSEVs and ATVs. This established the manufacturing foundation for the vehicle frames and finished vehicles produced at the facility to qualify as Vietnamese-origin products. Our North America Base commenced production in October 2024, performing final assembly and customization for the U.S. market.

2025 — Cessation of PRC-origin finished LSEV shipments and transition to Vietnam. In June and July 2024, AD and CVD investigations were initiated in the United States in respect of LSPTVs of PRC origin, a category which covers our LSEV products. Following the Department of Commerce’s preliminary countervailing duty determination on December 6, 2024, which imposed cash deposit requirements on covered imports, we ceased shipping finished LSEVs from the PRC to the United States by the end of 2024. Thereafter, our sales of LSEVs in the United States were served principally by finished vehicles manufactured at our Vietnam base. Vietnamese-origin finished LSEVs accounted for 27,026 units, or 62.6%, of our U.S. LSEV sales volume in 2025.

2026 — Transition to U.S. local assembly using imported frames and other components. Since early 2026, we have adjusted the production arrangements of our Vietnam Base from the production of finished LSEVs to the production of LSEV frame parts and selected components for shipment to the United States for local assembly. Instead, we expect to import LSEV frame parts and selected components from Vietnam for local assembly in the United States. At our North America Base, LSEVs are assembled using CKD component sets and selected components sourced from China and Vietnam. As the vehicle frame is the key component in determining the country of origin of an LSEV, all LSEVs sold by us in the United States during the first four months of 2026 were considered to be of Vietnamese-origin.

The following table summarizes our manufacturing reallocation that was implemented from 2024 to 2026.

Year	China	Vietnam	United States
2024	Production of vehicle frames, finished LSEVs and other components	Commenced production of vehicle frames, finished LSEVs and other components	—

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Year	China	Vietnam	United States
2025	Production of other components	Large-scale production of vehicle frames and finished LSEVs, as well as other components	Commenced assembly of finished LSEVs
2026	Production of other components	Large-scale production of vehicle frames and other components	Large-scale assembly of finished LSEVs

For more details of our manufacturing reallocation, see “— Production — Manufacturing Reallocation.”

Impact on Our Business

Despite the increasing tariff and evolving trade restrictions, our revenue and profit continued to rise during the Track Record Period. Notwithstanding the impact of tariffs, our gross profit margin remained stable, amounting to 37.3%, 34.7%, 41.3% and 41.4% in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively.

Our Tariff Legal Advisor is of the view that recent tariffs and trade regulations did not have any material impact on our operations and financial performance. Considering our supply chain and production adjustments (including ramping up production in Vietnam and performing final assembly/customisation in the U.S. to mitigate exposure to PRC-origin tariffs and AD/CVD), our Directors are of the view, and the Sole Sponsor concurs with our Directors’ view, that tariffs and related trade restrictions did not have, and are not expected to have, any material adverse impact on the Group’s operations and financial performance.

The reallocation of our LSEV manufacturing is being implemented in stages and requires an extended period of time to complete. During the transition toward final assembly of LSEVs in the United States, we may remain subject from time to time to the impact of changes in, and the interpretation and enforcement of, U.S. tariffs and trade policies, including those giving rise to the dispute in connection with AD/CVD deposit demand and the tariff classification dispute. See “— Legal Proceedings and Compliance — Legal Proceedings.”

As described above, we have reallocated manufacturing capacity to Vietnam and the United States to reduce our exposure to tariffs and AD/CVD, and made market-based pricing adjustments to pass on part of the tariff costs to customers. We continue to monitor changes in trade policies and adjust these measures. These activities have required our management team to devote additional time and resources to tariff-related matters.

Our BTS model has contributed to higher inventory levels. We have historically adopted this model primarily for the North American market, maintaining inventories based on historical sales patterns and anticipated demand in advance of customer orders. We have also increased stocking levels to meet growing demand for our LSEVs and support timely delivery.

Our manufacturing reallocation across multiple countries has added production and transportation stages and lengthened the time required to move materials, components and products through our supply chain. These arrangements require us to maintain inventories across production facilities, in transit and in overseas warehouses for a longer overall period, contributing to longer inventory turnover days during the Track Record Period. See “— Financial Information Discussion of Selected Items from the Consolidated Statements of Financial Position Inventories.”

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Trade Compliance Measures

We have adopted a range of compliance-driven measures to mitigate the impact of tariffs and trade restrictions, including (i) where appropriate, applying for U.S. Customs origin rulings/advance determinations and structuring production so that substantive manufacturing steps are completed in lower-tariff jurisdictions in a manner that satisfies the applicable “substantial transformation”/rules of origin requirements, (ii) reallocating certain production to lower-tariff countries and exporting from such jurisdictions to target markets to reduce tariff exposure, and (iii) applying for duty drawback or duty refund in accordance with applicable customs laws and procedures. We also maintain trade compliance controls, including monitoring changes in tariff/trade policies, maintaining records to support origin determinations and customs filings, and coordinating with external customs/trade advisors and brokers to ensure the relevant applications and claims are made on a lawful and supportable basis.

PROPERTIES

As of the Latest Practicable Date, we owned 13 properties with an aggregate gross floor area of approximately 262,546 square meters in China and the U.S. We have obtained title certificates for all properties. As of the Latest Practicable Date, we leased 11 properties relating to our business operations in total with an aggregate gross floor area of approximately 182,905 square meters, which have been mainly used as production, storage, office and research and development in China, the United States, Canada and Vietnam.

According to Chapter 5 of the Listing Rule and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of April 30, 2026, we had no single property with a carrying amount of 15% or more of our total assets.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to the operation of our existing business. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing such permits or licenses.

The following table sets out a list of material licenses, permits and approvals held by us as of the Latest Practicable Date.

License/permit	Entity holding the license/permit	Grant date	Expiration date
Production License for Special Equipment	the Company	January 9, 2024	January 8, 2028
Pollutant Discharge Permit	the Company	July 23, 2023	July 22, 2028
Certificate of China Compulsory Certification	the Company	November 6, 2023	November 5, 2028
Certificate of China Compulsory Certification	the Company	March 3, 2026	July 6, 2027

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License/permit	Entity holding the license/permit	Grant date	Expiration date
Certificate of China Compulsory Certification	Taotao Technology	January 14, 2026	January 13, 2031
Public List of Enterprises Eligible to Apply for Motorcycle Export Licenses in 2025	the Company	January 1, 2026	December 31, 2026
Consignee/Consignor of Import and Export Goods — Metal Shipbuilding	the Company	—	—
Consignee/Consignor of Import and Export Goods — Other Unspecified Manufacturing Industries	Taotao Technology	—	—
Consignee/Consignor of Import and Export Goods — Electronic Toy Manufacturing	Shenzhen Baike	—	—
Manufacturer License (Florida)	Denago EV Corporation	September 24, 2024	September 30, 2026
Investment Registration Certificate (Vietnam)	Baike Vehicle Vietnam Company Limited	January 4, 2024	January 4, 2034
Environment License (Factory 03) (Vietnam)	Baike Vehicle Vietnam Company Limited	June 11, 2025	January 4, 2027
Environment License (Factory 02) (Vietnam)	Baike Vehicle Vietnam Company Limited	June 11, 2025	January 4, 2027

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, save as disclosed below, there were no litigation, arbitration or administrative proceedings pending or threatened against our Company or any of the Directors which could have a material and adverse effect on our financial condition or results of operations. During the Track Record Period, and up to the Latest Practicable Date, save as disclosed below, there were no litigation, arbitration or administrative proceedings against our Company or any of the Directors which had caused a material and adverse effect on our financial condition or results of operations.

Dispute in Connection with AD/CVD Deposit Demand

In August 2025, following investigations by the Department of Commerce⁽¹⁾ and ITC⁽²⁾, the United States imposed AD/CVD orders on LSPTVs originating from the PRC, which cover certain products⁽³⁾ previously imported by Tao Motor, a subsidiary of our Company. The written scope of the AD/CVD orders uses the term LSPTVs for the covered product category, which are generally open-air, four-wheeled vehicles. LSEVs and golf carts that meet the physical and functional characteristics set out in the scope of the orders fall within the broader LSPTV category under the AD/CVD order.

- (1) The Department of Commerce determines whether subject merchandise is sold in the United States at less than fair value or benefits from countervailable subsidies and determines the applicable AD/CVD margins and cash deposit rates.
- (2) The ITC determines whether imports of the subject merchandise have materially injured, or threaten material injury to, the relevant U.S. domestic industry.
- (3) The “certain products” refer to Tao Motor’s 79 import entries of covered PRC-origin LSPTVs made between November 1, 2024 and January 3, 2025 during the 90-day critical circumstances period preceding the publication of the Department of Commerce’s preliminary determination, in respect of which CBP had not completed its final computation and assessment of duties.

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To put the U.S. federal institutions in context, the Department of Commerce, the ITC and CBP are separate U.S. federal agencies with different roles in the AD/CVD process. The Department of Commerce determines whether imported goods are sold at less than fair value or benefit from countervailable subsidies, calculates the applicable margins and cash-deposit rates and instructs CBP on the treatment of covered entries. The ITC separately determines whether the relevant U.S. industry is materially injured or threatened with material injury and, where applicable, makes a critical-circumstances determination. CBP administers import entries and carries out the applicable instructions, including suspending liquidation and collecting cash deposits. These agencies do not form a chain of command; each performs the role assigned to it by law. DOJ represents the Department of Commerce and CBP in court challenges but does not make the underlying administrative determinations, while the ITC is represented by its own counsel. The CIT is an independent federal court that reviews challenged administrative determinations and actions.

The following table sets forth a chronology of events relating to the AD/CVD investigations:

Date	Events
June to July 2024	Petitions were filed with the Department of Commerce and ITC on June 20, 2024, alleging that certain LSPTVs imported from the PRC were sold in the United States at less than fair value and benefited from countervailable subsidies, and that such imports caused or threatened material injury to the U.S. domestic industry. The ITC and Department of Commerce subsequently instituted and initiated the AD and CVD investigations in June and July 2024, respectively.
August 2024	The ITC issued a preliminary affirmative injury determination, finding a reasonable indication that imports of LSPTVs from the PRC materially injured or threatened material injury to the U.S. domestic industry. The investigations then proceeded to the final phase.
December 2024 to January 2025	The Department of Commerce published its preliminary affirmative determination in the CVD investigation on December 6, 2024, pursuant to which a preliminary cash deposit rate of 25.55% was applicable to Tao Motor. The preliminary CVD cash deposit rate was revised to 28.16% on February 19, 2025. The Department of Commerce issued preliminary affirmative determinations in AD investigations on January 30, 2025. In the AD investigation, the Department of Commerce preliminarily determined an estimated weighted-average dumping margin of 248.19% and a cash deposit rate of 248.16% applicable to our Company. The Department of Commerce also made preliminary affirmative critical circumstances ⁽¹⁾ determinations in the AD and CVD investigations.

- (1) “Critical circumstances” refer to a statutory remedy intended to prevent foreign shippers and importers from stockpiling covered merchandise for the period of 90 days before publication of preliminary AD/CVD determinations, by suspending liquidation and collecting cash deposits at the applicable rates for import entries made during such 90 day period.
- (2) CBP administers import entries at the direction of the Department of Commerce. Its role includes suspending liquidation of covered entries and collecting cash deposits where applicable.
- (3) “Liquidation” refers to CBP’s final computation and assessment of duties payable on an import entry. “Suspension of liquidation” means that CBP’s final computation and assessment of duties are suspended pending the outcome of the AD/CVD proceedings and subsequent review.
- (4) The relevant “unliquidated entries” refer to Tao Motor’s 79 import entries of covered PRC-origin LSPTVs made during the 90-day critical circumstances period (from November 1, 2024 to January 3, 2025) preceding the publication of the Department of Commerce’s preliminary determination, for which CBP had not completed final computation and assessment of duties.
- (5) The final “all others” subsidy rate refers to the final CVD rate applied by the Department of Commerce to companies that were not assigned a company-specific subsidy rate.

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Date	Events
January 2025	Following the Department of Commerce’s preliminary affirmative AD determination that covered PRC-origin LSPTVs were being sold in the United States at less than fair value, Department of Commerce instructed CBP ⁽²⁾ , pursuant to U.S. antidumping law and the critical circumstances determination, to suspend liquidation ⁽³⁾ and collect cash deposits at the applicable rates for new entries of covered PRC-origin LSPTVs made on or after the publication date. Such suspension and collection of cash deposits has retrospective effect of relevant unliquidated entries ⁽⁴⁾ of covered PRC-origin LSPTVs made during the 90-day period before publication of the preliminary determination with retrospective effect, which included Tao Motor.
June to August 2025.	The Department of Commerce published its final determinations in the AD and CVD investigations in June 2025. In the AD final determination, the Department of Commerce determined a final dumping margin of 291.04% applicable to separate rate companies, including our Company. In the CVD final determination, the Department of Commerce determined a final “all others” subsidy rate ⁽⁵⁾ of 41.14%, including our Company. In August 2025, the ITC completed its final phase and issued its final determination, under which the ITC made affirmative injury and critical circumstances determinations.
August to September 2025 . . .	Following the effectiveness of the AD/CVD orders, CBP demanded payment of estimated AD/CVD deposits totaling US\$9,018,889.31 in connection with Tao Motor’s imports made during the 90-day critical circumstances retroactive period ⁽¹⁾ , which was calculated by multiplying the customs value of the relevant import entries by the applicable AD/CVD deposit rates. Tao Motor declined to pay such deposits. CBP subsequently issued liquidated-damages claims, and Tao Motor petitioned for remission of those claims on the ground that CBP lacked statutory authority to require the deposits or impose the related liquidated damages. CBP denied the petition, in substance rejecting Tao Motor’s position. The denial left the liquidated-damages claims outstanding but did not constitute a final assessment of AD/CVD duties. As of the Latest Practicable Date, CBP had not taken enforcement action to collect the claims. On September 8, 2025, Tao Motor filed a lawsuit in the CIT challenging the ITC’s affirmative injury and critical circumstances determinations.
March 2026 to the Latest Practicable Date	Tao Motor and the other plaintiffs filed their opening briefs with the CIT on March 18, 2026. The U.S. government filed its confidential reply brief on June 16, 2026. The domestic producers, which joined the proceedings in support of the U.S. government, filed their initial brief on July 31, 2026, and Tao Motor and the other plaintiffs are expected to file their reply briefs by September 30, 2026. Oral argument is expected to be held in late October or early November 2026, and the court’s decision is expected by the end of 2026, subject to any appeal.

Pursuant to 19 U.S.C. §1673b(e), on the advice of its Tariff Legal Advisor, Tao Motor declined to make such deposits on the grounds that CBP lacks statutory authority to collect estimated AD/CVD duties on entries made during that retrospective period. Specifically, Tao Motor’s position is that, even where “critical circumstances” are found, CBP’s statutory authority at that stage is limited to implementing the relevant suspension of liquidation measures and does not extend to requiring payment of estimated AD/CVD deposits for the “critical circumstances” retroactive period. As a result of our declination, CBP thereafter issued claims for liquidated damages of US\$9,018,889.31, which was calculated with reference to the estimated cash deposits for AD and CVD duties demanded in respect of the critical-circumstances period. Such cash deposit amount represents the amount of AD/CVD duties estimated by CBP to be payable by Tao Motor relating to the relevant imports, subject to final determination. The final payment under the AD/CVD orders will be offset by any liquidated damages and cash deposit previously paid by Tao Motor. However, as advised by our Tariff Legal Advisor, instead of US\$9,018,889.13, the amount of liquidated damages should be capped at US\$1,200,000, which was the amount of customs surety bond purchased by Tao Motor as required by the CBP to secure Tao Motor’s obligation in respect of the relevant liquidated damages. Tao Motor purchased such bonds from a third party surety provider. Under the relevant surety arrangements, Tao Motor is required

(1) The demand related only to Tao Motor’s 79 imports made during the 90-day critical circumstances retroactive period because the retroactive effect of the critical circumstances determinations applied to covered unliquidated entries made within such 90-day period before publication of the Department of Commerce’s preliminary determination.

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to reimburse the surety provider if the surety provider makes a payment to CBP under the bonds. Tao Motor has placed US\$600,000 in cash collateral with the surety provider as security for such reimbursement obligations. The posting of the US\$600,000 cash collateral does not increase our maximum exposure in respect of the relevant claims beyond US\$1,200,000. Rather, the cash collateral may be applied toward Tao Motor’s reimbursement obligations if the surety provider makes a payment under the bonds and, to the extent not so applied, may be released or refunded in accordance with the relevant surety arrangements. However, as the relevant claims remain pending, the cash collateral is conditionally refundable, and the timing and amount of any refund cannot currently be determined.

On September 8, 2025, Tao Motor filed a lawsuit in the CIT challenging the ITC’s affirmative injury and “critical circumstances” determinations. The CIT may uphold the challenged determination or return it to the relevant agency for further consideration. Only the CIT may hear cases arising under U.S. international trade and customs laws. No other routinely available dispute-resolution process applies. Although the CIT’s rules allow court-annexed mediation, our Tariff Legal Advisor advises that it is rarely used in AD/CVD matters. A final judgment of the CIT may be appealed to the U.S. Court of Appeals for the Federal Circuit, after which review by the U.S. Supreme Court is discretionary. The outcome of the CIT proceedings remains uncertain and subject to the court’s determination.

Our Tariff Legal Advisor is of the view that Tao Motor is not under an immediate obligation to pay the AD/CVD deposits, because:

- (1) pursuant to 19 U.S.C. §1673b(e), where critical circumstances are found, the relevant statutory provision authorizes the Department of Commerce to direct CBP to suspend liquidation of relevant unliquidated entries during the critical circumstances retroactive period, but does not independently authorize CBP to require immediate payment of estimated AD/CVD cash deposits for such period before the relevant duty liability is finally determined. On this basis, the non-payment of the demands by Tao Motor does not constitute a breach of any laws or regulations, including any tariff laws and regulations. The liquidation of such entries remains on hold as required by law, and CBP has no lawful basis and is beyond the authority conferred on CBP to liquidate such entries or make an actual assessment of duties at this stage;
- (2) Tao Motor has set out this position in its petitions filed with CBP in response to CBP’s liquidated damages claims. While CBP has asserted liquidated damages claims, it has not taken enforcement action to collect such claims as of the Latest Practicable Date. If CBP were to take enforcement action, Tao Motor would be able to seek relief from the CIT to preserve the status quo and would assert that CBP’s attempt to collect estimated AD/CVD deposits is unlawful and beyond the authority conferred on CBP. On this basis, Tao Motor does not consider its non-payment of the demanded AD/CVD deposits to constitute a breach of applicable U.S. customs or tariff laws; and
- (3) the fact that CBP’s demand for payment was made after the ITC issued its final injury and critical circumstances determinations does not change Tao Motor’s position, because the ITC’s affirmative critical circumstances determination has been challenged before the CIT and is currently under judicial review. Such judicial review concerns whether the ITC’s affirmative critical circumstances determination should be sustained. By contrast, the annual reviews under 19 U.S.C. §1675 are administrative proceedings conducted by the Department of Commerce to determine the final AD/CVD assessment rates based on a review of sales and other transactions during the relevant review periods. The two processes address different matters but are related because their respective outcomes affect whether, and at what rates, AD/CVD may ultimately be assessed on the relevant entries. As advised by our Tariff Legal Advisor, the initial annual reviews of the AD/CVD orders concerning LSEVs

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from the PRC are expected to be initiated in late 2026. Such initial reviews are expected to take approximately one year from initiation to completion, and their final results are unlikely to be issued before late 2027.

As advised by our Tariff Legal Advisor, the relevant determination being challenged by Tao Motor is the ITC’s affirmative critical circumstances determination, rather than any finding by CBP. Our Tariff Legal Advisor is of the view that, for the reasons disclosed above, Tao Motor has substantive legal and factual grounds to challenge such determination. While the likelihood of a favorable outcome cannot be assessed with precision at this stage, if Tao Motor succeeds in the CIT proceedings or on remand, the basis for CBP’s demand for estimated AD/CVD deposits and related liquidated damages claims in respect of the 90-day critical circumstances retroactive period may be removed or the scope or amount of such demand and claims may be reduced. The outcome of the CIT proceedings remains uncertain and subject to the court’s determination.

As advised by our Tariff Legal Advisor, there would be no penalty for failing to deposit estimated AD/CVD duties. In the unlikely event that CBP seeks to recover any amount in excess of the amounts disclosed above in respect of the AD/CVD duties and liquidated damages, we may take appropriate measures, including but not limited to engaging in further negotiations with CBP, making any additional payment that may ultimately become due and payable, and taking other actions deemed necessary by us.

The merchandise covered by 79 unliquidated entries has already entered and been released into the United States. Suspending or extending liquidation does not prevent the merchandise from being sold in the ordinary course and does not require it to be recalled. Instead, it postpones CBP’s final calculation of the duties payable and preserves the U.S. government’s ability to assess and collect any unpaid duties later. Our Group cannot presently determine the final amount, if any, because it will depend on the outcome of the CIT proceedings, the Department of Commerce’s annual review and any related litigation, including the final rates ultimately applied to each entry.

To mitigate risks relating to AD/CVD regulations, Tao Motor ceased shipping finished LSEVs products from the PRC to the United States by the end of 2024, and the final import entries of those products were made in early January 2025. The 79 relevant entries described above covered the period through January 3, 2025. As such, import entries made after January 3, 2025 were not subject to AD/CVD payment demands. As advised by our Tariff Legal Advisor, our continued sales in the U.S. after CBP’s demand of PRC-origin LSEVs previously imported into the United States would not subject the Group to further AD/CVD payment demands as a result of such sales, because AD/CVD cash deposit obligations are triggered by import entries of covered merchandise, rather than by subsequent domestic sales in the United States. In 2025, an aggregate of 27,026 LSEVs sold by us in the United States comprised finished LSEVs imported from Vietnam and LSEVs assembled at our North America Base using Vietnam-origin frames and other imported parts and components. These LSEVs were treated as Vietnam-origin and represented 62.6% of our total U.S. LSEV sales volume for the year. The remaining 37.4% comprised PRC-origin finished LSEVs imported into the United States before 2025 and subsequently sold from existing inventory in the United States during 2025. Since early 2026, we have adjusted the production arrangements of our Vietnam plant from the production of finished LSEVs to the production of LSEV frame parts and selected components for shipment to the United States for local assembly. Accordingly, we do not expect any LSEVs to be sold by us in the United States in 2026 to be imported from Vietnam as finished vehicles. Instead, we expect to continue to import LSEV frame parts and selected components from Vietnam for local assembly in the United States. Our Directors believe that such adjustment reflects the flexibility of our multi-regional supply chain and is expected to help mitigate our exposure to AD/CVD orders applicable to PRC-origin finished LSPTVs.

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Under U.S. customs rules, the country of origin of an imported article is generally determined by where it is manufactured or substantially transformed.⁽¹⁾ To satisfy this standard, we adjusted our production arrangements so that substantive manufacturing steps for the relevant finished LSEVs were carried out in Vietnam. These steps included manufacturing vehicle frames, conducting surface treatment, assembling key vehicle systems, and completing final vehicle assembly and testing in Vietnam. Taken together, these operations turned the relevant parts and components into finished LSEVs in Vietnam and went beyond minor processing or merely routing PRC-origin finished vehicles through Vietnam. As advised by our Tariff Legal Advisor, these manufacturing processes satisfied the applicable substantial-transformation requirements. Accordingly, the relevant finished LSEVs imported from Vietnam in 2025 were Vietnam-origin products rather than PRC-origin LSPTVs transshipped through Vietnam.

As advised by our Tariff Legal Advisor, we are allowed to continue sales of the concerned LSEVs in the United States, and no exposure to AD/CVD cash deposit obligations applicable to PRC-origin LSPTVs has been identified in respect of our Vietnam-origin LSEVs. In reaching this view, our Tariff Legal Advisor has considered that (i) customs enforcement measures relating to alleged third-country transshipment generally concern the import treatment and duty liability of the relevant goods and do not, by themselves, prohibit domestic sales in the United States; (ii) the LSEVs manufactured by our Vietnam subsidiary are not PRC-origin products transshipped through Vietnam, but Vietnam-origin products manufactured in Vietnam using Vietnam-origin frames and undergoing manufacturing processes that satisfy the applicable substantial transformation standard under U.S. customs rules; and (iii) our LSEV assembly capacity in the United States enables us to supply the U.S. market through local assembly without relying on imports of PRC-origin LSPTVs subject to the relevant AD/CVD orders. As advised by our Tariff Legal Advisor, because the AD/CVD cash deposit exposure at issue arises from import entries of PRC-origin LSPTVs that are subject to the relevant AD/CVD orders, rather than from domestic sales or local assembly in the United States, such U.S. assembly capacity helps mitigate our future exposure to AD/CVD cash deposit obligations applicable to PRC-origin LSPTV imports and limits our overall tariff-related risk profile. For details of our manufacturing reallocation and its effect on our tariff exposure, see “Business — Manufacturing Reallocation.”

Tariff Classification Dispute

Golabs, Inc. (“**Golabs**”), one of our U.S. subsidiaries doing business under the brand “GOTRAX,” imports toy “hoverboards” for children. These products have traditionally been classified by the CBP under HTS subheading 9503.00.90 as “toys,” which are duty-free and, when originating from China, not subject to Section 301 retaliatory tariffs. Beginning in 2024, CBP reclassified Golabs’ hoverboards under HTS subheading 8703.80 as “other motor vehicles principally designed for the transport of persons,” thereby rendering them subject to a 2.5% base duty rate and a 25% Section 301 tariff on Chinese-origin goods. The delinquent bills totaled US\$1.73 million pursuant to the CBP notice letter.

Golabs disagreed with this reclassification and, after its administrative protest was denied, filed a lawsuit in the CIT to challenge CBP’s determination and seek confirmation that its hoverboards should be properly classified as “toys” under HTS subheading 9503.00.90. The administrative protest was denied as CBP did not accept Golabs’ position that the hoverboards should be classified as “toys” under HTS subheading 9503.00.90 and maintained its original classification determination. In the lawsuit, Golabs seeks relief in respect of the duties and Section 301 tariffs assessed by CBP, in an aggregate amount of approximately US\$1.73 million.

⁽¹⁾ “Substantial transformation” occurs when manufacturing carried out in a country turns materials or components into a new and different product, rather than involving only minor processing or merely routing the product through that country. This is assessed based on the manufacturing process as a whole and not solely by the origin of individual components.

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As of the Latest Practicable Date, the tariff classification dispute had been formally concluded. Although Golabs disagreed with CBP’s tariff classification, it paid approximately US\$39,000 in disputed duties, representing the amount assessed by CBP and set out in the duty bills received by Golabs in respect of the relevant entry, before commencing the lawsuit because, under 28 U.S.C. §2637(a), such payment was required before the CIT could hear its challenge to CBP’s denial of the relevant protest. As advised by our Tariff Legal Advisor, this statutory requirement cannot be waived, and the payment did not constitute Golabs’ acceptance of CBP’s tariff classification.

On March 9, 2026, the CIT entered a stipulated judgment based on the parties’ agreement. Instead, the parties agreed that the relevant entry was eligible for duty-free treatment under an applicable temporary Section 301 tariff exclusion, even under the tariff classification applied by CBP. As a result, CBP was required to reliquidate the relevant entry and refund the duties previously paid. As of the Latest Practicable Date, the approximately US\$39,000 of duties previously paid had been refunded.⁽¹⁾

Our Tariff Legal Advisor is of the view that the lawsuit has been concluded without any further outstanding liability to the Group in respect of the relevant entry.

We have established a legal affairs management system, which clarifies the scope of legal affairs management. The Legal Department shall promptly track and communicate updates to the applicable relevant laws and regulations as part of their daily work, and provide specialized training to business units significantly affected to prevent non-compliance. The system establishes procedures for reporting and following up on violations, as well as systems and processes for identifying, handling, and tracking non-compliant incidents. Upon receiving a non-compliance report, the Legal Department shall lead an investigation to ascertain the facts, assess the impact, and instruct relevant departments to develop and execute corrective measures. Considering above, our Directors are of the view, and the Sole Sponsor concurs with our Directors’ view, that we have taken adequate and effective measures to monitor compliance with the relevant laws and regulations.

Patent Infringement Claims

In January 2025, Razor USA LLC and Shane Chen filed a complaint with the ITC under Section 337 of the Tariff Act of 1930 against multiple respondents, including Golabs, alleging that certain GOTRAX branded electric balance bikes (the “**Relevant Products**”), infringed U.S. Reissue Patent Nos. RE46,964 and RE49,608 (collectively, the “**Asserted Utility Patents**”) and U.S. Design Patent No. D739,906 (the “**Asserted Design Patent**” and, together with the Asserted Utility Patents, the “**Asserted Patents**”). The ITC investigation is identified as Investigation No. 337-TA-1440. The ITC proceeding does not seek monetary damages, but seeks trade remedies, including exclusionary or cease-and-desist relief in respect of the importation and sale after importation of the Relevant Products in the United States.

⁽¹⁾ As advised by our Tariff Legal Advisor, because the parties agreed that no duty was payable for the relevant entry and the paid duties would be refunded, the court did not need to decide whether the hoverboards should be classified as “toys” under HTS subheading 9503.00.90.

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After considering the nature of the ITC proceeding as a Section 337 proceeding, the trade remedies sought by the complainants and the current status of the proceeding, as advised by our IP Counsel, our Directors are of the view that the Group’s maximum exposure under this proceeding is limited to potential trade remedies against the Relevant Products if the complainants prevail, and does not include monetary damages. Such potential trade remedies may include a limited exclusion order, which would prohibit the accused products from being imported into the United States, and cease-and-desist orders, which would restrict the sale of the accused products in the United States after importation. The principal timeline of the ITC proceeding is summarized below:

Timeline	Events
January 2025	Razor USA LLC and Mr. Shane Chen filed a complaint with the U.S. ITC commencing a Section 337 investigation. The complaint covered all three Asserted Patents.
January 2025 to April 2026. . .	The parties completed the principal stages of the investigation, including pleadings, fact and expert discovery, the evidentiary hearing and post-hearing briefing.
August 2025	On July 30, 2025, Razor USA LLC sent a patent infringement notice letter to certain KACs in relation to the Relevant Products, which Golabs received in August 2025. The letter covered all three Asserted Patents; no separate complaint was filed in August 2025.
December 2025.	At the beginning of the hearing, the complainants withdrew their claim relating to the Asserted Design Patent because the figures published with the patent were an earlier version that the U.S. patent examiner had rejected; a certificate of correction was later issued to replace them with the figures approved by the examiner, but it was submitted too late and was not admitted as evidence. Without that certificate, the claim could not proceed. No separate complaint was filed in December 2025.
As of the Latest Practicable Date.	The remaining claims relating to the Asserted Utility Patents remained unresolved and under review by the Commission. No final determination, limited exclusion order or cease-and-desist order had been issued against Golabs.
Around September 2026	Final determination is expected to be issued by the Commission.

Golabs disputes the allegations and has asserted defenses including non-infringement and patent invalidity, in particular, on the grounds of incorrect inventorship and the failure of certain asserted claims to satisfy applicable written description and enablement requirements. In simple terms, the written description requirement asks whether the patent explains the claimed invention in enough detail, while the enablement requirement asks whether a person with the relevant technical knowledge could make and use the invention without excessive trial and error. Golabs argues that the relevant patent does not meet these requirements. If accepted, either argument could result in the relevant patent claims being found invalid. Golabs contends that Mr. Daniel Wood, a developer of self-balancing vehicle technology, contributed to the conception of the claimed control logic and other claim elements of the Asserted Utility Patents and therefore should have been named as a co-inventor. To support its defenses, Golabs entered into a Patent Assignment Agreement with Mr. Wood on April 24, 2025, during the ITC proceeding, under which Golabs acquired all of Mr. Wood’s rights, title and interest of Mr. Wood, if any, in the Asserted Utility Patents; the assignment did not cover the Asserted Design Patent. Since the ITC proceeding does not seek monetary damages, if the complainants prevail, our potential exposure would be limited to orders prohibiting or restricting the importation or sale of the Relevant Products in the United States. Revenue attributable to the Relevant Products amounted to approximately RMB123.9 million in 2025, representing approximately 3.1% of our total revenue for that year, and approximately RMB20.4 million for the four months ended April 30, 2026, representing approximately 1.28% of our total revenue for that period. If we are unable to continue importing or selling the Relevant Products in the United States without using the relevant patented technology, the impact would therefore be confined to our U.S. sales of the Relevant Products. Given their limited contribution to our revenue, our Directors consider that the Asserted Patents and the Relevant Products are not material to our Group and that such restrictions would not have a material adverse impact on our overall business, financial condition or results of operations. Against this backdrop, the acquisition was a precautionary measure to

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support Golabs’ inventorship and ownership defenses and was commercially reasonable because its cost was substantially lower than the potential exposure from an adverse ITC determination. The acquisition formed part of Golabs’ litigation strategy to strengthen its inventorship and ownership defenses and did not constitute an admission of infringement or liability.

Razor USA LLC is the complainant and exclusive licensee of the Asserted Patents, and Shane Chen is the named inventor of the Asserted Patents. Daniel Wood is not a complainant in the ITC proceeding, but is the person from whom Golabs acquired rights, title and interest, if any, in the Asserted Utility Patents. Golabs is named as one of the respondents based on its importation and sale of the accused products. The allegations concern the importation into, and sale within, the United States of certain electric self-balance products alleged to infringe the Asserted Patents.

Following the withdrawal of the design patent infringement allegations in December 2025, the unresolved claims relate only to the Asserted Utility Patents. As of the Latest Practicable Date, the parties had engaged in settlement discussions from time to time, but no settlement agreement had been reached. Based on the current procedural schedule, the Commission is expected to issue its final determination in or around August 2026.

Based on the current status of the Razor ITC proceeding and as advised by our IP Counsel, considering that (i) no final determination, exclusion order, cease-and-desist order, injunction, final judgment, settlement or other order prohibiting or restricting the importation, sale or distribution of our products in the United States had been issued or entered against our Group as of the Latest Practicable Date; (ii) the proceeding does not seek monetary damages; (iii) no settlement had been reached and settlement discussions remained ongoing; (iv) we have asserted substantive defenses including incorrect inventorship, our ownership interests in the Asserted Utility Patents and patent invalidity because the relevant patent does not, in our view, sufficiently explain the claimed invention or how to make and use it, as elaborated above; (v) the proceeding relates only to certain GOTRAX branded electric balance bikes; (vi) the proceeding had not resulted in any material product recall, suspension of sales, termination of major customer relationship or material cancellation of purchase orders in the United States; and (vii) we have adopted enhanced internal control measures, our Directors are of the view that the Razor ITC proceeding has not had, as of the Latest Practicable Date, and is not expected to have, a material adverse impact on the Group’s sales in the United States.

Product Liability Claims

Missouri Wrongful Death Lawsuit

The Missouri wrongful death lawsuit arose from a traffic collision allegedly involving an off-road motorcycle, where the plaintiff alleges negligence and a design defect in the motorcycle’s fuel system which was related to our off-road motorcycle products, leading to spillage of gasoline and subsequent burn injuries. The plaintiff, mother of the decedent, has not specified the amount of damages claimed. The proceedings generally progressed in following three stages: (i) from March to July 2024, the plaintiff commenced the lawsuit, amended the complaint and served discovery requests on Tao Motor; (ii) from July to September 2024, Tao Motor filed their answers, and denied the allegations and asserted 13 affirmative defenses; and (iii) in 2025, the proceedings focused on the validity of service on the PRC manufacturer through the Hague Convention, including the plaintiff’s application for default judgment and the PRC manufacturer’s limited appearance to oppose such application on the basis that the service did not comply with PRC law and the Hague Convention. As of the Latest Practicable Date, the service validity issue had not resulted in a final judgment against Tao Motor or the PRC manufacturer, and the lawsuit remained pending, and there had been no material development in the Missouri wrongful-death lawsuit. The plaintiff and defendant commenced settlement negotiations in May 2026, and such negotiations are still ongoing as of the Latest Practicable Date.

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New York Personal Injury Lawsuit

The New York personal injury lawsuit was filed against Tao Motor in the United States District Court for the Western District of New York on January 31, 2025 under case number 25-cv-6074, which was related to our off-road motorcycle products. The plaintiff asserted five causes of action, namely strict liability for design defect, breach of implied warranty, negligence, misrepresentation and failure to warn, in connection with an alleged engine oil leakage, and sought damages of more than US\$75,000 and a jury trial. On February 3, 2025, the court issued a summons to Tao Motor requiring a response within 21 days. As of the Latest Practicable Date, the lawsuit remained pending and was being defended by counsel appointed by Tao Motor’s product liability insurer.

Defense Basis and Potential Exposure

As advised by our U.S. Legal Advisor, Tao Motor’s defense in both lawsuits is that the relevant products were not defective. Such defense is based on Tao Motor’s position that (i) the relevant products were altered or modified without authorization and were not in their original condition before the accidents after leaving Tao Motor’s control, (ii) the conduct of the relevant injured persons caused or contributed to the accidents, (iii) the products were misused or operated inconsistently with the product manuals and warning labels, and (iv) the injury or death was also caused by the conduct of intervening third parties.

We have referred both lawsuits to our product liability insurers for defense, claim handling and indemnity, and counsel appointed by the insurers are defending the cases. Each lawsuit is covered by our product liability insurance policies with a coverage limit of US\$1.0 million per occurrence. As advised by our U.S. Legal Advisor, based on the current status of the proceedings, the available insurance coverage and the fact that ordinary single-claim product liability cases involving covered bodily injury claims are generally resolved within insurance coverage in the United States, no uninsured exposure has been identified for either lawsuit as of the Latest Practicable Date. In particular, the Missouri wrongful death lawsuit has not specified the amount of damages claimed, and the New York personal injury lawsuit seeks damages of more than US\$75,000, with no amount in excess of the applicable insurance coverage having been specified. Accordingly, our U.S. Legal Advisor is of the view that the likelihood of uninsured exposure exceeding the applicable insurance coverage is low.

Based on the current status of the product liability claims and as advised by our U.S. Legal Advisor, considering that (i) no uninsured exposure had been identified for either claim as of the Latest Practicable Date; (ii) there had been no final judgment or settlement against the Group; (iii) the claims had not resulted in any product recall, suspension of sales, termination of major customer relationship or cancellation of purchase orders in the United States; and (iv) we have adopted enhanced internal control measures, our Directors are of the view that the product liability claims have not had, as of the Latest Practicable Date, and are not expected to have, a material adverse impact on the Group’s sales in the United States.

Enhanced Internal Control Measures

In view of the patent infringement dispute and the product liability claims described above, we have enhanced our internal control measures, including the following:

- ***Intellectual property management and clearance.*** We have established and enhanced our intangible assets management system, which governs the acquisition, maintenance, use and protection of intellectual property rights. For internally developed technologies and designs, our R&D department is responsible for process management and protection of R&D results. For externally acquired intellectual property rights, the relevant department is required to

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confirm ownership, scope of use, term of authorization and confidentiality obligations before acquisition or use. For higher-risk products or key overseas markets, we may engage external intellectual property counsel to conduct patent clearance or non-infringement review.

- ***Monitoring and escalation of IP complaints.*** Our legal department, together with relevant business departments, monitors potential infringement issues and preserves evidence where disputes arise. Upon receipt of any intellectual property complaint, demand letter, platform notice, customer inquiry or other allegation, the relevant business department is required to report the matter to the legal department promptly for review, escalation and, where necessary, engagement of external counsel.
- ***Legal proceedings management.*** We have established and enhanced our legal affairs management system, which sets out the reporting, assessment, handling and follow-up procedures for disputes, litigation, arbitration, regulatory inquiries and other legal incidents. Each department and subsidiary is required to report material legal incidents to the legal department promptly and submit relevant facts, evidence and supporting documents. The legal department is responsible for assessing the risk level, potential adverse outcome, financial exposure and reputational impact, and reporting material matters to management and/or the Board where appropriate.
- ***Product liability and insurance claim handling.*** For product liability claims, upon receipt of any claim, accident notice, summons, complaint or demand letter, the relevant subsidiary is required to notify the legal department and the relevant insurer promptly, preserve relevant documents and evidence, and coordinate with external counsel appointed by the insurer or the Group. Where necessary, we review product records, sales records, user manuals, warranty information, warning labels and incident-related materials, and follow up with relevant business and product teams on remedial or risk mitigation measures.

Our Internal Control Consultant has reviewed the above enhanced internal control measures and is of the view that such measures are adequate and effective to identify, report, assess, manage and follow up on material intellectual property disputes, product liability claims and legal proceedings.

Our Reporting Accountants concur with our Directors’ assessment and are of the view that the recognition criteria for a provision under IAS 37 has not been met, as (i) an outflow of economic benefits arising from these legal proceedings is not considered probable based on such legal advice; and (ii) in any event, due to the inherent uncertainties of the legal process, the amount of any potential obligation, if any, cannot be reliably estimated at this stage.

Our Directors are of the view, and the Sole Sponsor concurs, that our past and ongoing legal proceedings have not given and will not give rise to material adverse impact on our business operations and financial performance.

Compliance

We are subject to various regulatory requirements and guidelines issued by regulatory authorities in China. Save as disclosed under “— Administrative Penalty” and “— Social Insurance and Housing Provident Fund Contributions” below, during the Track Record Period and as of the Latest Practicable Date, we complied with applicable PRC laws and regulations in all material respects, and were not subject to any material non-compliance incident, in the opinion of our Directors, had or was reasonably likely to have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects in China.

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Administrative Penalty

In 2024, Zhejiang Taotao E-commerce Co., Ltd. was subject to an administrative penalty imposed by the Yongkang City Administration for Market Regulation in relation to the sale of certain helmet products which were found non-conforming in a product test conducted by the authority. The relevant helmets were procured from third-party suppliers and were not manufactured by the Group. Although the relevant products had been sold, to the best knowledge of our Directors, the non-compliance did not result in any personal injury, product recall, product liability claim or other material adverse consequence. The administrative fine imposed was RMB6,000. Following the penalty, we ceased selling the relevant helmet specification/model and terminated cooperation with the relevant supplier. We have also enhanced our internal controls by strengthening supplier selection and qualification, requiring suppliers to provide relevant compliance/quality documentation prior to procurement, and implementing incoming inspection and sampling checks for outsourced/procured safety-related products, with clear escalation procedures to delist and cease procurement of products that fail compliance requirements.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. Our shortfall of social security insurance and housing provident fund contribution amounted to RMB19.4 million, RMB25.9 million, RMB25.0 million and RMB7.6 million in 2023, 2024, 2025, and the four months ended April 30, 2026, respectively. The increase in shortfall in 2024 was primarily due to the increase in the number of our employees. As of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing funds. For non-compliance with the PRC’s regulations relating to social insurance and housing provident funds, we have made further inquiries to the relevant local competent authorities and obtained written confirmations from Jinyun County Human Resources and Social Security Bureau (縉雲縣人力資源和社會保障局) dated July 14, 2026, Jinyun County Taxation Bureau of the State Taxation Administration (國家稅務總局縉雲縣稅務局) dated July 14, 2026, Jinyun County Medical Security Bureau (縉雲縣醫療保障局) dated July 14, 2026, and Lishui Municipal Housing Provident Fund Management Centre Jinyun Branch (麗水市住房公積金管理中心縉雲分中心) dated July 16, 2026. According to these confirmations, as at the respective dates of issuance of such confirmations, no outstanding payment, recovery order or administrative penalty had been identified or imposed on us in respect of social insurance contributions, no complaints or reports had been received in respect of our medical insurance matters, and we had not been subject to administrative penalties in respect of housing provident fund contributions during the Track Record Period. Our PRC Legal Advisor is of the view that these authorities are the competent authorities for making the confirmations, and the likelihood of us being subject to penalty, retrospective imposition of penalties, or centralized collection imposed by the relevant government authorities is remote. Considering that (i) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us, (ii) we were not aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident fund, (iii) the relevant regulatory assurances of no penalty and the facts stated above, and (iv) the relatively small shortfall amounts compared to our overall financial scale, our Reporting Accountant is of the view that no provision should be made accordingly. As a result, our Directors and PRC Legal Advisor are of the view that the non-compliance in connection with the inadequate contributions to the social insurance and housing provident fund would not have a material adverse impact on our business, financial condition or results of operations, and we did not make any provisions in connection with the foregoing incident during the Track Record Period and up to the Latest Practicable Date. See “Risk Factors — We face certain legal and regulatory risks relating to labor related laws and regulations, which may adversely affect our business, results of operations and financial condition.”

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According to Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on the Housing Provident Fund of the PRC (住房公積金管理條例), we are required to make social insurance fund contributions and housing provident fund contributions for our employees in the PRC. If an employer fails to pay its social insurance contributions in accordance with Social Insurance Law of the PRC, the regulator may demand that the employer to pay all outstanding social insurance contributions within a prescribed time limit. The employer may also be subject to a surcharge at a daily rate of 0.05% on the outstanding amount, accruing from when the social insurance funds are due. If the employer fails to make such payment within a prescribed time limit, the relevant authority may impose an additional fine of one to three times the outstanding amount. If an employer fails to pay its housing provident fund contributions in accordance with the Administrative Regulations on the Housing Provident Fund of the PRC, the regulator has the power to order the employer to make contribution within a prescribed time limit and if the employer fails to act accordingly, an application of compulsory enforcement can be made to the People’s Court of the PRC.

According to the Interpretation (II), any agreement between an employer and an employee, or any undertaking given by an employee, which purports to waive the employer’s statutory social insurance contribution obligations, will be deemed invalid by the people’s courts. See “Regulatory Overview — PRC Laws, Regulations and Policies — Laws and Regulations Related to Labor and Social Security — Social Insurance and Housing Provident Fund.” Our Directors and PRC Legal Advisor are of the view that the Interpretation (II) would not have a material adverse impact on the Group’s operations and financial performance, considering that: (i) during the Track Record Period and up to the Latest Practicable Date, we had not entered into any arrangement with our employees to waive statutory social insurance participation or contributions; (ii) no employee had terminated his or her labour contract on the ground of our failure to make social insurance contributions; (iii) we had not received any notice, order or penalty from the relevant PRC authorities requiring payment of contribution shortfalls, late payment charges or penalties; (iv) the Interpretation (II) does not expand penalty exposure or repeal existing laws and regulations; and (v) Zhongtao Investment has undertaken to, pursuant to the terms and conditions of its confirmation, indemnify us against any losses and penalties which we may suffer as a result of the failure of our Group to comply with relevant laws, rules and regulations concerning social insurance and housing provident fund contributions. Having considered the PRC Legal Advisor’s opinion and the Sole Sponsor’s independent due diligence, and taking into account the indemnity letter provided by Zhongtao Investment, one of the Controlling Shareholders, nothing has come to the attention of the Sole Sponsor which would cause it to cast doubt on the Directors’ views as set out above.

To monitor and support our compliance with applicable laws and regulations regarding social insurance and housing provident fund contributions, we have implemented the following internal control measures:

- **Human resources monitoring.** We have designated our human resources department to review and monitor the monthly reporting and payment of social insurance and housing provident fund contributions.
- **Legal and regulatory consultation.** We will continue to consult our PRC Legal Advisor regarding developments in applicable PRC laws and regulations relating to social insurance and housing provident fund contributions and maintain communication with relevant local authorities regarding applicable regulatory requirements and implementation standards.
- **Internal compliance procedures.** We will continue to strengthen our internal procedures relating to social insurance and housing provident fund contribution compliance.

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- ***Proactive rectification.*** We will adopt the rectification plan described below and proactively liaise with the relevant local authorities in relation to our current social insurance and housing provident fund contribution.

We aim to progressively adjust the contribution bases for social insurance and housing provident fund contributions to comply with applicable regulatory requirements. Given that such contribution bases are generally subject to annual adjustment during prescribed windows determined by the relevant local authorities, we intend to apply for adjustments during the upcoming annual adjustment windows and, subject to the applicable local policies and requirements. We intend to progressively adjust the applicable contribution bases and use our best efforts to complete the rectification by the end of 2028. To this end, we will (i) review and adjust the contribution bases during the earliest available adjustment windows, and (ii) proactively seek guidance from and liaise with the relevant local authorities and, in accordance with their requirements, apply to make supplemental contributions in respect of the historical contribution shortfalls.

Leased Properties

Certain of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC. Our material business operations are not conducted in such unregistered leased properties. As of the Latest Practicable Date, three unregistered leased properties are involved, and if relocation is required, the relocation costs are expected to be immaterial and alternative premises are generally available in the relevant areas. See “Risk Factors — Risks Relating To Our Business — We face certain risks in relation to our leases.”

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for the overall effectiveness of our risk management, including establishing our internal control system and reviewing its effectiveness. We have established and maintain risk management and internal control systems comprising policies and procedures appropriate to our business operations, and we review and update these systems regularly to ensure our policies and implementation are effective and sufficient.

In preparation for the [REDACTED], we have engaged an Independent Third-Party consultant (the “**Internal Control Consultant**”) to perform a review over selected areas of our internal controls over financial reporting in August 2025 (the “**Internal Control Review**”). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included entity-level controls and business process level controls, including sales, accounts receivable and collection, procurement, accounts payable and payment, inventory and logistics management, production and cost, human resources and payroll, fixed assets and intellectual property management, cash and treasury management, investment management, financial reporting and disclosure controls, tax management process, expense management process, contract management process, IT general controls, IT application controls, information system development, testing and implementation, research and development management, insurance management.

To monitor regulatory developments and requirements in the jurisdictions where we sell our products, such as FMVSS No. 500, we have adopted the following measures: (i) where necessary, we communicate with external local legal advisers, product testing agencies or certification consultants; (ii) our relevant teams arrange necessary testing, certification or supporting compliance documentation before shipment or commercial sale prior entering into a new jurisdiction, launching a new model or making material changes to an existing model; and (iii) where material regulatory changes, customer complaints, regulatory inquiries or product safety issues are identified, we assess the potential impact

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on the relevant products and, where necessary, update product specifications, labels, manuals, testing arrangements, shipment plans, sales terms or after-sales policies, or suspend shipment or sale pending further review.

The Internal Control Consultant performed the follow-up reviews in October 2025 to review the status of the management actions taken by us to address the findings of the Internal Control Review (the “**Follow-up Review**”). The Internal Control Consultant did not have any further recommendation in the Follow-up Review. The Internal Controls Review and the Follow-up Review were conducted based on information provided by our Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Having considered the report prepared by our Internal Control Consultant, the Directors confirmed that all of the major recommendations provided by the Internal Control Consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

We have engaged an independent Internal Control Consultant to review the adequacy and effectiveness of our internal control framework and the Internal Control Consultant has conducted an initial review and a Follow-up Review on our internal control measures, and no material defect was identified by the Internal Control Consultant.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Strategy

ESG responsibilities are a core pillar of our Group’s long-term strategy. We have integrated sustainable development into our operational management and daily operations, and are committed to advancing our long-term sustainability objectives.

Our product portfolio focuses on (1) E-mobility products, which consists of (i) LSEVs and (ii) electric two-wheelers, comprising electric bicycles, electric scooters and electric balance bikes; and (2) powersports, including ATVs and off-road motorcycles.

ESG Governance

Board Oversight

Our Board of Directors oversees our Group’s ESG-related strategies, policies and performance, including environmental protection, social responsibility and corporate governance matters, and seeks to balance business growth with the fulfillment of ESG responsibilities across our operations.

ESG Management Structure

Our Group has established an ESG governance structure directly led by our Board of Directors to ensure alignment between ESG strategy and corporate development strategy. As the ultimate oversight body for ESG matters, our Board assumes final responsibility, reviews significant ESG topics, approves relevant targets, and oversees their implementation. At the execution level, we have established a cross-departmental ESG working group, led by senior management to coordinate the implementation of ESG measures across different functional departments.

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Risk Identification

Our Group categorises ESG risks into three time horizons — short-term (0–1 year), medium-term (1–3 years) and long-term (3 years or above) — which are incorporated into our overall risk management framework through internal self-inspection, safety training and regular Board review. In the short term, we primarily focus on environmental compliance and occupational safety risks, which are managed through measures including designated EHS personnel, regular compliance self-inspections and fire drills. In the medium term, we focus on carbon emission control and supply chain ESG risks monitoring policy developments such as the EU Carbon Border Adjustment Mechanism and establishing baseline ESG requirements through our supplier management system. In the long term, we focus on extreme climate events and raw material supply chain transitions, while incorporating climate-related and low-carbon considerations into factory planning and product development initiatives.

Environment

Environmental Protection

Environmental protection remains a key priority in supporting our long-term sustainable development. Our Group places strong emphasis on emissions management, resource efficiency, and compliance with applicable environmental regulations, and incorporates environmental protection into our daily operational management. With ISO 14001 environmental management system certification, we have established a systematic environmental management framework and continue to enhance our environmental management practices. In our daily operations, we embed environmental awareness into internal management procedures and encourage employees to participate in green initiatives. Externally, by providing new energy transportation solutions, we offer customers more sustainable travel options.

In our production operations, we have implemented environmental protection measures, including waste gas wastewater treatment facilities, to manage emissions and waste generated during production and to ensure compliance with applicable national and local environmental standards.

Our Group’s Vietnam plant (BAIKE VEHICLE VIET NAM) strictly complies with Vietnamese laws and regulations such as the Investment Law, Environmental Protection Law, and Labor Law. The plant has duly obtained an Investment Registration Certificate (IRC), an Enterprise Registration Certificate (ERC), and an Environmental Permit (GPMT), ensuring full compliance throughout its operations. In terms of environmental management, the plant has established systematic wastewater and exhaust gas treatment facilities and conducted regular emission monitoring in accordance with the environmental permit requirements to ensure that discharge indicators meet both the local industrial park standards and national environmental regulations. In terms of production safety, we have developed comprehensive fire safety protocols. In 2025, it collaborated with local fire departments to conduct a large-scale fire emergency drill, continuously strengthening occupational safety safeguards.

Our plant in the United States primarily undertakes assembly, warehousing, and logistics distribution functions and does not involve heavy manufacturing or high energy-consumption production processes. Consequently, its daily operations generate only minimal domestic wastewater and office waste, with no large-scale industrial waste gas or wastewater discharge. We strictly comply with U.S. federal and state environmental protection laws and have obtained the necessary business operating permits based on actual operational needs. We have established a regular environmental monitoring mechanism, with the local management team responsible for daily environmental compliance inspections. Annual fire safety inspections are conducted, and any required corrective actions are implemented to ensure operations meet local standards. If the North American facility undertakes production function upgrades in the future, we will strictly apply for relevant emission permits and engage in third-party monitoring in accordance with applicable law.

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As of April 30, 2026, our production base in Thailand was still in the construction preparation phase and had not yet commenced formal operations. We have completed preliminary project approvals and investment filings in accordance with local Thai laws and regulations, ensuring legal compliance during the construction process. Given that the base is not currently engaged in production activities, it does not generate production-related wastewater, waste gas, or industrial solid waste. We require the construction contractor to comply with local construction environmental codes. We commit to obtaining all necessary environmental permits and production licenses in accordance with the law before the formal commencement of operations at the Thai plant. We also plan to gradually apply our existing ESG management guidelines to this base.

Recyclability

We place emphasis on material selection in product design. Currently, the two core product lines (E-mobility, Powersports) and related packaging materials are primarily composed of materials with recycling potential, such as metals, certain plastics, and paper-based packaging. We continue to consider the environmental protection attributes of our products and packaging materials and seek to enhance resource utilization efficiency.

Air Emissions Management

Our painting workshop is equipped with exhaust gas treatment facilities that use activated carbon adsorption technology to treat volatile organic compounds and other emissions. After treatment, emissions meet applicable standards, including the Integrated Emission Standard of Air Pollutants (GB 16297-1996) and the Air Pollutant Emission Standard for Industrial Coating Processes (DB 33/2146-2018), among other relevant regulations. We regularly engage qualified third-party agencies to monitor our exhaust gas emissions. We perform regular maintenance of the treatment equipment and continue to improve our exhaust gas treatment processes.

Wastewater Management

We operate wastewater treatment facilities to treat wastewater generated during production before discharge or entry into municipal sewage networks in accordance with applicable standards. Water used in our production processes is primarily consumed in pre-paint treatment and cleaning procedures, and a portion of treated water is recycled for reuse to reduce fresh water consumption. The treated wastewater meets the requirements of the Integrated Wastewater Discharge Standard (GB 8978-1996) as well as relevant local discharge standards in Zhejiang Province.

The table below sets forth our water resource usage during the Track Record Period:

	Unit	Year ended December 31,			Four months ended April 30,
		2023	2024	2025	2026
Total water consumption .	Tonnes	92,574.00	133,872.33	204,340.33	93,399.53
Water consumption intensity	Tonnes per RMB10,000 of revenue	0.43	0.45	0.52	0.59

Note: The Vietnam factory commenced preparatory operations in April 2024 and started formal production in August 2024, while the North American facility commenced operations in October 2024. Water usage from the North America plant has been included in the above totals, while the Vietnam plant’s water use was minimal and is not separately tracked. We value the conservation and protection of water resources. In our production and office areas, we have implemented multiple water-saving measures, including regularly inspecting and repairing the water supply network to prevent leaks, posting water conservation reminders in various areas to raise employee awareness, and promoting the use of water-saving fixtures and equipment. We will continue to improve our water resource management, increase recycling rates, and contribute to protecting water resources.

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Solid Waste Management

We place significant importance on the proper management of solid waste. General industrial solid wastes such as scrap metal, waste plastics, and used packaging materials are collected and treated by licensed recycling companies for resource recovery and reuse. Hazardous wastes include waste mineral oil, spent activated carbon, used paint buckets, oil-stained rags and gloves, etc. We maintain hazardous management records and designated temporary storage areas in accordance with the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023). We engage licensed professional companies to handle the disposal of hazardous waste.

Hazardous Waste Management

Hazardous waste generated during our operations primarily arises from painting processes and equipment maintenance, and the overall volume has remained relatively stable. We strictly implement a hazardous waste transfer manifest system to facilitate the traceability and management of hazardous waste throughout the collection, storage, transfer and disposal process. We will continue to optimize our production processes to reduce hazardous waste generation, and enhance waste treatment efficiency.

We have systematically identified and quantified the hazardous waste generated from our key production processes. The total amount and breakdown of hazardous waste generated by our domestic factories during the Track Record Period are as follows:

	Unit	Year ended December 31,			Four months ended April 30,
		2023	2024	2025	2026
Waste packaging barrels .	Tonne	8.66	13.53	17.89	5.78
Paint sludge	Tonne	29.38	75.91	80.98	30.77
Waste filter cotton	Tonne	0.2	1.6	3.12	0.77
Waste activated carbon . .	Tonne	6.21	1.49	8	0
Sludge.	Tonne	5.4	3.6	5.97	0

1. North American factories are primarily engaged in product assembly, and their production processes do not generate hazardous waste. The production processes of the Vietnam factory generate only minimal amounts of hazardous waste (as the key waste-generating processes are completed domestically in the PRC), which has not been quantified for the time being. The factory has entered into a Contract for the collection, transportation, and treatment of various waste materials and recycling of scrap with a local supplier to ensure all waste is properly handled.

We will continue to optimize production processes and material management to reduce the amount of hazardous waste generated, and are committed to adopting more environmentally friendly alternative materials and technologies. As the specific hazardous waste generated from our operations is limited and does not have a significant environmental impact, we have not established specific emission reduction targets at this stage.

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Greenhouse Gas Emissions

Our greenhouse gas (GHG) emissions mainly derive from direct emissions from company vehicles using fossil fuels (Scope 1), and indirect emissions from purchased electricity consumption (Scope 2). The table below sets forth our total GHG emissions and emission intensity during the Track Record Period:

	Unit	Year ended December 31,			Four months ended April 30,
		2023	2024	2025	2026
Scope 1 emissions	tCO ₂ e	1,051.53	1,801.70	1,850.87	723.65
Scope 2 emissions	tCO ₂ e	4,914.13	8,456.69	10,616.99	3,471.66
Total	tCO ₂ e	5,965.66	10,258.39	12,467.86	4,195.31
Emission intensity	kg of CO ₂ equivalent per RMB10,000 of revenue	27.82	34.46	31.63	26.36

Notes:

1. Scope 1 emissions primarily arise from the use of natural gas and fossil fuels such as gasoline and diesel by company vehicles.
2. Scope 2 emissions primarily arise from the consumption of purchased electricity.
3. The Vietnam factory commenced preparatory operations in April 2024 and started formal production in August 2024, while the North American facility commenced operations in October 2024. Relevant emissions data for both plants have been included in the above totals.

During the Track Record Period, our total GHG emissions increased primarily due to the expansion of our business scale and increased production activities, which resulted in higher energy consumption. In 2024, our emission intensity temporarily increased, mainly because our overseas production bases were in the early ramp-up stage after commencement, during which energy consumption increased ahead of production efficiency and revenue growth. As the overseas production bases gradually stabilized and capacity utilization improved, our emission intensity decreased in 2025. Purchased electricity (Scope 2) accounts for over 80% of total emissions and is the primary source of our GHG emissions.

Regarding Scope 3 greenhouse gas emissions, we recognize their importance in achieving carbon neutrality across the entire value chain. We are currently planning to gradually expand the accounting boundary, to cover key indirect emission scenarios such as employee commuting, business travel, customer activities, and supplier energy use. This aims to establish a more comprehensive carbon emissions inventory, based on which more ambitious emission reduction targets will be formulated to support the low-carbon transition of our Group and its value chain.

We are committed to continuously improving the energy conservation and emission reduction management system, strengthening energy usage monitoring and management in a more refined manner, and optimising the operational efficiency of production equipment, striving to reduce carbon emissions at the source. This commitment includes: (i) optimizing production processes to improve energy use efficiency; (ii) promoting the use of clean energy and energy-saving equipment; (iii) strengthening environmental training for employees to raise company-wide awareness of energy conservation and emissions reduction; (iv) collaborating with supply chain partners to jointly reduce carbon emissions and build a green supply chain; and (v) regularly monitoring and evaluating GHG emission levels and continuously refining reduction measures. In addition, we actively support the national “dual carbon” goals (carbon peaking and carbon neutrality). With reference to the Paris Agreement’s 1.5°C temperature control target and recommendations from the Task Force on Climate-related Financial

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Disclosures (TCFD), we plan to reduce greenhouse gas emissions per ten thousand yuan of revenue by 5% from the base year (2025) by 2028, in order to fulfill our corporate environmental responsibilities and contribute to the national “dual carbon” goals.

Energy Management

Improving energy efficiency and reducing environmental impact is a continual focus for us. Our Group’s primary energy consumption comes from purchased electricity and fossil fuels. The table below sets forth our energy consumption during the Track Record Period:

	Unit	Year ended December 31,			Four months ended April 30,
		2023	2024	2025	2026
Purchased electricity . . .	MWh	9,263.05	15,931.35	22,319.10	7,519.64
Electricity density	kWh per RMB10,000 of revenue	43.20	53.52	56.63	47.25
Natural gas.	10,000 cubic metres	39.19	69.63	70.6	34.05
Natural gas density	m ³ per RMB10,000 of revenue	1.83	2.34	1.79	2.14
Gasoline	10,000 litres	5.09	8.69	11.27	3.32
Diesel	10,000 litres	3.26	3.54	3.97	1.57
Propane	10,000 litres	—	0.1	0.27	0.04

Notes:

1. The Vietnam plant commenced preparatory operations in April 2024 and started formal production in August 2024, while the North America plant commenced operations in October 2024. Their energy consumption data have been included in the above totals.
2. Propane is only used at the North America plant (since its operation began in October 2024) and is included in the statistics from that point forward.

During the Track Record Period, our Group’s natural gas consumption intensity has generally fluctuated. Between 2023 and 2024, intensity increased, primarily due to new production sites being in the initial ramp-up phase, which led to a corresponding rise in natural gas demand. In 2025, intensity declined compared to 2024, reflecting the gradual stabilization of operations across all sites and improvements in energy management efficiency. For the four months ended April 30, 2026, natural gas consumption intensity increased to 2.14 m³ per RMB10,000 of revenue, compared with 1.79 m³ in 2025. The increase primarily reflected changes in production timing and volume during the period, as the Chinese New Year holiday reduced the number of production days at our production facilities in the PRC. It was not attributable to changes in natural gas prices or costs. We will continue to monitor our energy consumption and energy management efficiency.

To enhance energy efficiency, we continually implement energy-saving and consumption-reduction initiatives across all operational stages, including optimizing management processes, strengthening equipment maintenance, and raising employees’ energy conservation awareness. We also assess our energy usage and seek to improve energy management and operational efficiency.

Environmental Compliance

During the Track Record Period and up to the Latest Practicable Date, we strictly complied with applicable PRC environmental protection laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Law of the PRC on Prevention and Control of Atmospheric Pollution, the Law of the PRC on Prevention and Control of Water Pollution, and the Law

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of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, among others. Our Group has obtained the necessary environmental permits and licenses (such as pollutant discharge permits), and all construction projects have undergone environmental impact assessments as required.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any fines or penalties for violations of environmental laws that had a material adverse impact on our Group’s business, financial condition or operating results. We will continue to strictly comply with all applicable environmental laws and regulations and continuously improve our environmental management system.

Social Responsibility

Employment and Labour Standards

We are committed to protecting the legitimate rights and interests of our employees and have established an employee benefit system in accordance with PRC laws and regulations. Except as disclosed in the section headed Risk Factors in this document, our Group complies with relevant PRC laws and regulations in all material respects to contribute to various statutory social insurance and housing provident fund for its employees. We have also established a complaint and whistleblowing mechanism through which employees can voice issues and concerns via multiple channels. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any major labour disputes.

Equal Opportunity and Diversity

We seek to maintain fair and non-discriminatory recruitment and employment practices, with employment decisions based on job-related factors such as skills, qualifications and experience. We also prohibit the use of child labour and forced labour in accordance with applicable laws and regulations.

Training and Development

We recognize the importance of providing comprehensive training and development opportunities for our employees. To this end, we have established training programs for each operational function, including orientation training for new hires, technical skills training, product training, management training, and work safety training. These initiatives are designed to promote employee growth and to maintain the quality of our products and services.

Health and Safety

We place emphasis on the health and safety of our employees and strictly comply with applicable laws and regulations. We strive to provide a safe work environment by establishing a comprehensive safety management system, providing necessary personal protective equipment, and conducting regular safety training and hazard inspections. During the Track Record Period and up to the Latest Practicable Date, our Group’s operations did not experience any major safety incidents, and we are not aware of any major personal injury or property damage claims related to health or occupational safety.

Labour Compliance

During the Track Record Period and up to the Latest Practicable Date, we complied in all material respects with laws and regulations relating to employment, including but not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC, and the Social Insurance Law of the PRC. Our Group was not subject to any significant fines or penalties for violations of labour laws or regulations.

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We strictly comply with the labour laws and regulations of the jurisdictions in which we operate, and is committed to building a compliant, fair and safe employment environment. At the Vietnam factory, we have established and implemented a sound set of internal labour rules, which have been duly registered and filed with the Management Committee of the Economic Zone of Quang Ninh Province in accordance with the law. During the Track Record Period, the operations of the Vietnam factory were stable, and no administrative penalties were imposed due to labour compliance issues. As of April 30, 2026, the Vietnam factory had a total of 155 employees. We place high importance on workplace diversity and gender equality, and actively promotes local employment. Currently, female employees account for 45.8% of the workforce, fully demonstrating our concrete efforts in safeguarding female employment opportunities and enhancing their workplace status. In terms of safeguarding labour rights and interests, our policies expressly prohibit the use of child labour and any form of forced labour or labour exploitation, and ensure that the remuneration and benefits provided are superior to the local statutory minimum standards. Regarding employee accommodation arrangements, we respect the living habits of local employees. All employees adopt a home-based accommodation model, for which we provide corresponding accommodation subsidies. This ensures employees’ autonomous choice while guaranteeing their living conditions are properly supported. We will continue to improve our human resource management systems across all regions to ensure they fully comply with and even exceed local regulatory requirements, actively fulfil social responsibilities, and foster an inclusive and stable working environment.

Supply Chain Management

Our commitment to environmental and social responsibility extends throughout the entire supply chain. Our Group has established a fundamental supplier management system, paying attention to suppliers’ compliant operation qualifications during the screening process. We have preliminarily commenced the collection and verification of basic information from suppliers, covering fundamental compliance dimensions such as environmental protection qualifications, safe production, labour rights and interests, and business ethics. We have not yet made it mandatory for all suppliers to provide specialized waste gas emission monitoring reports. During the Track Record Period, we continuously monitored suppliers’ compliance performance through routine communication. Through regular on-site visits of key suppliers, we assess suppliers’ environmental management practices and the operation of their pollution control facilities, working conditions, quality management systems and product compliance. We also work closely with suppliers to optimize packaging materials, reduce transportation waste and improve supply chain traceability and transparency. In addition, we encourage suppliers to improve environmental performance and adopt sustainable operational practices.

Community Investment

We attach importance to corporate social responsibility, supporting educational development, community building, and industry development and exchange through systematic and continuous community investment. Since 2022, we have consistently engaged in philanthropic endeavors, with cumulative donations amounting to several million yuan.

- (i) Educational Support: We continuously support the development of local education, with our senior management actively leading by example. In March 2023, we donated an educational fund of RMB4.8 million to the Jinyun County Education Bureau to improve local educational facilities, subsidize students from impoverished families, reward outstanding teachers, and help more students achieve their dreams. In 2024, we continued our support by donating RMB100,000 to bolster the local education system construction and talent cultivation. In 2025, we donated RMB2.0 million to the Jinyun County Charity Federation, of which RMB1.8 million was allocated to the Jinyun education fund and RMB200,000 was designated for the development of the education undertakings of Jinyun County Bichuan Primary School, continuing to facilitate the optimisation of local educational resources and

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the cultivation of talent, in the same year, we donated RMB1.0 million to the Yongkang Charity Federation to support the development of local charitable and public welfare undertakings.

- (ii) **Community Building:** We actively participate in community public welfare and cultural construction, primarily including community service and promotion and cultural heritage initiatives. For community service and promotion, in 2022, we provided promotional support to the Xinbi Park with an investment of RMB10,000; in the same year, we funded activities for the elderly class in Huangbiyu and Huangbi Village with an investment of RMB38,000, benefiting the local elderly population. For cultural heritage, in 2022, we sponsored RMB10,000 for the renovation of the Zhou Clan Ancestral Hall in Xinnan Village; in 2023, we supported the Jinyun County Drama Association in promoting traditional opera culture with a donation of RMB50,000. In 2025, we donated RMB50,000 to the Yongkang Rixing Yishan Public Welfare Association to support local public welfare and charitable activities and give back to the community.
- (iii) **Infrastructure and Public Safety:** As an enterprise rooted in the locality, we actively participate in infrastructure construction. In 2024, we funded a bridge construction project in Sanxi Township with RMB500,000 to improve local transportation and facilitate villagers’ travel. In the same year, we donated RMB280,000 to the Jinyun County Red Cross Emergency Rescue Team for the procurement of a rescue command vehicle, supporting the development of grassroots firefighting teams to enhance their capabilities, and contributing to community safety.
- (iv) **Medical Philanthropy:** In 2023, we donated RMB500,000 to the Yongkang First People’s Hospital for equipment procurement, and RMB10,000 to Yongkang Ruijin Hospital in the same year.
- (v) **Industry Promotion:** We are committed to fostering industry exchange and cooperation, and promoting the concept of green mobility. Through our products and services, we provide customers with environmentally friendly transportation options, practicing the concept of low-carbon living, and continuously contributing to the reduction of carbon emissions and the improvement of air quality. In 2023, we provided activity sponsorship of RMB35,000 to a non-governmental entrepreneurs’ federation to support industry interaction and resource sharing.

Our investments in education, community, and industry promotion are all carried out through specific projects, with donations and funding being traceable and quantifiable, demonstrating our substantive and legitimate support for sustainable community development. In the future, we will continue to optimize the structure of our community investments, enhance project impact and transparency, and persistently fulfil our corporate social responsibilities.

Corporate Governance

Business Ethics and Anti-Corruption

Integrity in business is one of our fundamental principles. We oppose all forms of corruption, bribery, fraud and other misconduct. We have established an Anti-Bribery and Anti-Corruption Policy and a Code of Business Ethics, which explicitly prohibit: (i) offering or soliciting bribes to or from customers, suppliers, government officials or others; (ii) misappropriation of public funds or embezzlement of company assets; (iii) using one’s position for personal gain; (iv) accepting gifts or hospitality that may affect impartial performance of duties; and (v) any other behavior that violates business ethics.

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We have set up clear whistleblowing channels through which employees, suppliers, customers and other stakeholders may report suspected illegal or unethical behavior. We also maintain confidentiality protections for whistleblowers. We also provide business ethics and anti-corruption training to all employees, and enter into integrity agreements with suppliers, distributors and other partners. During the Track Record Period and up to the Latest Practicable Date, our Group, our Directors, or senior management were not involved in any corruption, bribery or other unlawful activity, and we were not subject to any related investigation or penalty by the relevant authorities.

Anti-Money Laundering

We strictly comply with the Anti-Money Laundering Law of the PRC and other relevant regulations, and have established a comprehensive internal control system to fulfill our anti-money laundering (AML) obligations. During the Track Record Period and up to the Latest Practicable Date, our Group strictly complied with all applicable AML laws and regulations, and has not been subject to any penalties for violating anti-money laundering provisions.

Data Security and Privacy Protection

We place great importance on customer information security and data privacy protection. We strictly comply with the Cybersecurity Law of the PRC, the Data Security Law of the PRC, the Personal Information Protection Law of the PRC and other applicable laws and regulations, and have established an information security management system. We have implemented technical and managerial measures to protect data security and to prevent data leakage, tampering, or loss. During the Track Record Period and up to the Latest Practicable Date, our Group strictly complied with data security and privacy protection laws and regulations, with no major data leakage incidents and no penalties for any violations of the relevant provisions.

Compliance Statement

During the Track Record Period and up to the Latest Practicable Date, our Group complied with applicable laws and regulations in all material respects and was not subject to any material fines or penalties that had a material adverse impact on our Group’s business, financial condition or results of operations due to non-compliance with relevant laws and regulations. We will continue to strictly abide by all applicable laws and regulations, continuously improve our compliance management system, and proactively manage compliance risks.

BUSINESS ACTIVITIES IN REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

Our overseas business operations are subject to international sanctions administered by various authorities, including those of the Relevant Jurisdictions. As advised by our International Sanctions Legal Advisor, during the Track Record Period, we did not engage in any Primary Sanctioned Activities or Secondary Sanctionable Activities, and neither we nor any of our subsidiaries has been designated as a Sanctioned Target or could be deemed a Sanctioned Trader.

We recorded sales to certain customers located in Russia during the Track Record Period, who primarily settled payments with us through Third-Party Payors under the Third-Party Payment Arrangements. See “— Our Sales Network and Customers — Third-party Payment Arrangements” for details. As advised by our International Sanctions Legal Advisor, Russia is not a Sanctioned Country. All such customers were screened and confirmed not to be listed on any applicable sanctions lists, nor were they owned or controlled by Sanctioned Targets. During the Track Record Period, our sales to customers located in Russia amounted to approximately RMB112.9 million, RMB100.3 million, RMB46.6 million and RMB4.3 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing approximately 5.3%, 3.4%, 1.2% and 0.3% of our total revenue for the corresponding periods. We sold products to 10, 10, 11 and 6 customers located in Russia in 2023, 2024,

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2025 and the four months ended April 30, 2026, respectively. Such sales did not constitute a material portion of our revenue, and substantially all were order-based transactions, rather than recurring or long-term contractual arrangements.

Based on the advice of our International Sanctions Legal Advisor, none of the (i) relevant Russian customers, (ii) their payment banks, and (iii) Third-Party Payors they used were Sanctioned Targets at the time of the transactions. Therefore, our sales to Russia do not constitute Primary Sanctioned Activity or Secondary Sanctionable Activity that would pose material sanctions risk to the Relevant Persons. We continue to conduct business with these non-sanctioned customers in Russia without any Russia-specific commercial restriction or transaction cap and are not required to cease such business. That said, we recognize the sanctions risks associated with conducting business involving Russian parties. We have implemented, and will continue to maintain, enhanced sanctions compliance procedures, including upfront customer and beneficial ownership screening, transaction-level review and ongoing monitoring. We will refrain from entering into any transaction that would involve Sanctioned Targets, Sanctioned Countries or otherwise give rise to material sanctions risk under applicable laws. We expect that any future sales to Russia, if any, will remain immaterial relative to our overall business.

Based on the review conducted by our International Sanctions Legal Advisor, our acceptance of third-party payments from certain Russian customers does not constitute sanctions evasion under the applicable sanctions regimes. This is because our International Sanctions Legal Advisor’s review has confirmed that (i) the underlying Russian customers were not Sanctioned Targets, (ii) the Third-Party Payors used were not Sanctioned Targets at the time of the transactions, and (iii) there was no evidence otherwise suggesting that the payments made by the Third-Party Payors involved illegitimate activities.

Further, as advised by our International Sanctions Legal Advisor, our sales in other overseas jurisdictions also do not involve any Sanctioned Countries or Sanctioned Targets or otherwise contravene international sanctions, and thus do not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities.

During the Track Record Period, we did not export any parts or products from the U.S. to China or a third country. Moreover, our products manufactured outside the U.S. did not incorporate any U.S.-origin parts, technologies or software. Our main suppliers were all Chinese domestic entities and the raw materials we procured from these suppliers were predominantly basic industrial products, which are in large supply in China and are more competitively priced. Namely, we had no business necessity to procure U.S.-origin materials instead. We also do not rely on U.S. technology to develop or manufacture our products. Based on the foregoing, our Sanctions Legal Advisor is of the view that our products would not be subject to the EAR and our business activities during the Track Record Period would not trigger U.S. export control restrictions.

In light of the foregoing, our International Sanctions Legal Advisor is of the view that the Group’s sales activities would not result in violations of applicable international sanctions or export controls. Taking into account the relatively low transaction amounts from our Group’s sales of products to Russia and the advice from our International Sanctions Legal Advisor set out above based on the applicable sanctions laws and regulations, our Directors are of the view, and the Sole Sponsor concurs, that the Group did not violate applicable laws and regulations regarding international trade restrictions during the Track Record Period.

We have adopted an economic sanctions compliance framework to mitigate sanctions risks across our operations. Sanctions list screening is coordinated by our legal department, with assistance from our sales and finance departments in collecting and verifying relevant counterparties and transaction information. The relevant personnel in our sales and finance departments receive regular training on sanctions compliance and possess the requisite knowledge and capabilities to collect and verify sanctions-related counterparty and transaction information. We conduct sanctions list screening on counterparties using designated screening tools and/or reputable third party platforms, and perform

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enhanced due diligence for higher risk transactions to identify ownership or control and end-user information. Such screening is generally conducted before customer onboarding and/or acceptance of relevant purchase orders, and any potential match or sanctions-related red flag will be escalated to our legal department for review before the transaction proceeds. We prohibit any direct or indirect dealings with sanctioned parties and any attempt to circumvent sanction rules and regulations, and we require prior written internal approval before proceeding with any transaction that may present sanctions concerns. We also incorporate sanctions-related contractual protections where appropriate to strengthen our controls, including compliance representations, ongoing screening undertakings and termination rights if a counterparty becomes sanctioned.

U.S. OUTBOUND INVESTMENT RESTRICTIONS

On October 28, 2024, the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern, which became effective on January 2, 2025, to implement the OIR established by Executive Order 14105. The OIR restricts direct and indirect investment by U.S. persons (as defined under the OIR) into companies with specified connections to China that use specific technologies of concern, including semiconductors, quantum computing and AI.

The rules regarding U.S. outbound investment remain subject to further development. On December 18, 2025, the U.S. President signed into law the National Defense Authorization Act for Fiscal Year 2026, which includes the COINS Act. Although the existing OIR regulations remain in effect, the COINS Act requires the Treasury to propose revisions within 450 days of enactment. Those revisions will include, among other changes, an expansion of the countries of concern and covered technologies (to include “high-performance computing and supercomputing” and “hypersonic systems”), revisions to key defined terms, and the establishment of a formal non-binding feedback process on the applicability of the OIR on specific transactions.

Evaluation of the OIR’s Impact on the [REDACTED]

As advised by our International Sanctions Legal Advisor, our Directors are of the view that we are not a “covered foreign person,” because we do not engage in any “covered activities” under the OIR. [REDACTED] will be able to participate in the [REDACTED], and will not be subject to the prohibitions or notification requirements under the OIR. Additionally, an exception in the OIR provides that a U.S. person’s “over-the-counter” purchase of any publicly traded security are neither prohibited nor subject to notification to Treasury, provided that such U.S. persons are not afforded rights beyond standard minority shareholder protections with respect to our Company (“**Publicly Traded Securities Exception**”).

Furthermore, as advised by our International Sanctions Legal Advisor, our Directors are of the view that the OIR is not expected to materially affect our [REDACTED] prospects because: (i) [REDACTED] are generally not subject to the OIR; (ii) in any case, [REDACTED] are generally expected to be able to [REDACTED] our publicly [REDACTED] H Shares under the Publicly Traded Securities Exception without any notification or prohibition requirement; and (iii) ordinary [REDACTED] and advisory services relating to the [REDACTED] are generally not restricted by the OIR. However, we cannot guarantee that future changes to the OIR, related regulations or government guidance will not broaden its scope, change the Publicly Traded Securities Exception, or increase compliance obligations for [REDACTED], which could adversely affect our future [REDACTED] prospects with respect to [REDACTED]. See “Risk Factors—Risks Relating to Our Business—Our business and ability to raise capital may be adversely affected by U.S. outbound investment restrictions and evolving regulatory requirements.”

In light of the foregoing and as advised by our International Sanctions Legal Advisor, our Directors are of the view that the impact of the OIR on the [REDACTED] is generally limited and manageable.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and recognitions	Awarding parties	Year of award
Top 10 Export Enterprises of Chinese Motorcycles and Off-road Vehicles in 2022.	China Chamber of Motorcycle	2023
Drafting of Standard “General Technical Specifications for Electric Scooters” (GB/T 42825-2023).	Drafting Working Group of National Standard “General Technical Specifications for Electric Scooters”	2023
High-tech Enterprise	Zhejiang Provincial Department of Science and Technology / Zhejiang Provincial Department of Finance / Zhejiang Provincial State Taxation Bureau / Zhejiang Provincial Local Taxation Bureau	2023
Council Member of the Two-wheeled Branch of the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (First Council)	China Chamber of Commerce for Import and Export of Machinery and Electronic Products	2024
Zhejiang Export Brand	Zhejiang Provincial Department of Commerce	2024
2024 Advanced Quality Management Method Award of Jiangsu, Zhejiang, Anhui and Shanghai	Jiangsu Market Supervision Administration / Zhejiang Market Supervision Administration / Anhui Market Supervision Administration / Jiangxi Market Supervision Administration / Shanghai Market Supervision Administration	2024
Top 10 Export Enterprises of Chinese Motorcycles and Off-road Vehicles in 2024.	China Chamber of Motorcycle	2025
Zhejiang Export brand (Cross-border E-commerce).	Zhejiang Provincial Department of Commerce	2025
2024 Provincial Enterprise Technology Center	Zhejiang Provincial Department of Economy and Information Technology	2025