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

FORM 8-K

CURRENT REPORT
(Amendment No. 1)

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 16, 2021 (July 23, 2021)

Microvast Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-38826	83-2530757
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS. Employer Identification No.)

12603 Southwest Freeway, Suite 210
Stafford, Texas 77477
(Address of principal executive offices, including zip code)

281-491-9595
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	MVST	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of common stock at an exercise price of $11.50 per share	MVSTW	The Nasdaq Stock Market LLC

Introductory Note

On July 23, 2021 (the "Closing Date"), the registrant, Microvast Holdings, Inc. (formerly known as Tuscan Holdings Corp.) consummated the previously announced acquisition of Microvast, Inc., a Delaware corporation ("Microvast"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated February 1, 2021, between the Tuscan Holdings Corp., Microvast and TSCN Merger Sub Inc., a Delaware corporation ("Merger Sub"), pursuant to which Merger Sub merged with and into Microvast, with Microvast surviving the merger (the "Merger"). Unless the context otherwise requires, "Tuscan" refers to the registrant prior to the Closing, and "we," "us," "our" and the "Company" refer to the registrant and its subsidiaries, including Microvast, following the Closing.

In connection with the Merger Agreement, Tuscan, MVST SPV Inc., a wholly owned subsidiary of Tuscan ("MVST SPV"), Tuscan, Microvast Power System (Huzhou) Co., Ltd., Microvast's majority owned subsidiary ("MPS"), certain MPS convertible loan investors (the "CL Investors") and certain minority equity investors in MPS (the "Minority Investors" and, together with the CL Investors, the "MPS Investors") and certain other parties entered into a framework agreement (the "Framework Agreement"), pursuant to which, among other things, (1) the CL Investors waived certain rights with respect to the convertible loans (the "Convertible Loans") held by such CL Investors that were issued under that certain Convertible Loan Agreement, dated November 2, 2018, among Microvast, MPS, such CL Investors and the MPS Investors (the "Convertible Loan Agreement") and, in connection therewith, certain affiliates of the CL Investors ("CL Affiliates") subscribed for 6,719,845 shares of common stock, $0.0001 par value per share ("common stock"), of Tuscan in a private placement in exchange for MPS convertible loans (the "CL Private Placement").

In connection with the Merger Agreement, Tuscan entered into subscription agreements with (a) the holders of an aggregate of $57,500,000 outstanding promissory notes issued by Microvast (the "Bridge Notes") pursuant to which Tuscan agreed to issue an aggregate of 6,736,106 shares of common stock upon conversion (the "Bridge Notes Conversion") of the Bridge Notes, and (b) a number of outside investors who agreed to purchase an aggregate of 48,250,000 shares of common stock at a price of $10.00 per share, for an aggregate purchase price of $482,500,000 (the "PIPE Financing").

The CL Private Placement, the Bridge Notes Conversion and the PIPE Financing closed contemporaneously with the closing under the Merger Agreement (collectively, the "Closing"). Upon the Closing of the Merger, the CL Private Placement, the Bridge Notes Conversion, the PIPE Financing and related transactions (collectively, the "Business Combination"), Microvast became a wholly-owned subsidiary of the Company, with the stockholders of Microvast becoming stockholders of the Company, and with the Company renamed "Microvast Holdings, Inc."

Following the completion of the Business Combination, Microvast is the Company's accounting predecessor. This amendment to the Original Form 8-K is being filed to include the financial statements of Microvast for the six months ended June 30, 2021, including pro forma financial statements as of such time period.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*

The historical financial statements of Microvast, Inc. for the three years ended December 31, 2020 and at and as of the three months ended March 31, 2021 included in the Proxy Statement beginning on page F-52 are incorporated herein by reference. The historical financial statements of Microvast at and as of the six months ended June 30, 2021 are included herein as Exhibit 99.3.

(b) *Pro Forma Financial Information*

The unaudited pro forma condensed consolidated combined financial information of Tuscan for the year ended December 31, 2020 and at and as of the three months ended March 31, 2021 are included herein as Exhibit 99.2. The unaudited pro forma condensed consolidated combined financial information of Tuscan for the year ended December 31, 2020 and at and as of the six months ended June 30, 2021 are included herein as Exhibit 99.4.

(d) ***Exhibits***

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of February 1, 2021, by and among Tuscan Holdings Corp., TSCN Merger Sub Inc., and Microvast, Inc. (incorporated by reference to the Company's definitive proxy statement on Schedule 14A, filed with the SEC on July 2, 2021).
3.1*	Second Amended and Restated Certificate of Incorporation of Microvast Holdings, Inc.
3.2*	Amended and Restated Bylaws of Microvast Holdings, Inc.
4.1*	Registration Rights and Lock-Up Agreement dated as of July 23, 2021, by and among (a) Microvast Holdings, Inc., (b) the Microvast Equity Holders, (c) the CL Holders, (d) Tuscan Holdings Acquisition LLC, Stefan M. Selig, Richard O. Rieger and Amy Butte, and (e) EarlyBirdCapital, Inc.
4.2*	Stockholders Agreement dated July 23, 2021 by and among (a) Microvast Holdings, Inc., (b) Yang Wu and (c) Tuscan Holdings Acquisition LLC.
4.3	Warrant Agreement dated as of March 5, 2019 between Microvast Holdings, Inc. (formerly Tuscan Holdings Corp. and Continental Stock Transfer & Trust Company, (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on March 7, 2019).
4.4*	Specimen Common Stock Certificate.
4.5*	Specimen Warrant Certificate.
10.1*	Form of Indemnity Agreement.
10.2*	Employment Agreement, dated as of February 1, 2021, by and between Microvast, Inc. and Yang Wu.
10.3*	Employment Agreement, dated as of February 1, 2021, by and between Microvast, Inc. and Yanzhuan Zheng.
10.4*	Employment Agreement, dated as of February 1, 2021, by and between Microvast, Inc. and Wenjuan Mattis, Ph.D..
10.5*	Employment Agreement, dated as of June 1, 2017, by and between Microvast, Inc. and Sascha Rene Kelterborn.

10.6*	Microvast Holdings, Inc. 2021 Equity Incentive Plan.
10.7	Framework Agreement dated as of February 1, 2021, among the Registrant, MVST SPV Inc., Microvast, Inc., Microvast Power System (Huzhou) Co., Ltd., ("MPS"), certain MPS convertible loan investors (the "CL Investors") and certain minority equity investors in MPS (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 5, 2021).
10.8	Form of Subscription Agreement between the Registrant and certain PIPE Investors (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on February 5, 2021).
10.9	Subscription Agreement between the Registrant and Riheng HK Limited (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the SEC on February 5, 2021).
10.10	Subscription Agreement between the Registrant and Aurora Sheen Limited (incorporated by reference from Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the SEC on February 5, 2021).
10.11	Sponsor Support Agreement, dated as of February 1, 2021, by and among Registrant, the Sponsor, Microvast, Inc., and certain stockholders of Registrant (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on February 5, 2021).
10.12	Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Company's Initial Stockholder (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 7, 2019).
10.13*	Amendment No. 1 to Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Company's Initial Stockholder, dated as of July 23, 2021.
21.1*	Subsidiaries of the Registrant.
99.1	Financial statements of Microvast, Inc. for the three years ended December 31, 2020 and the three months ended March 31, 2021 (incorporated by reference to the registrant's definitive proxy statement filed with the SEC on July 2, 2021).
99.2*	Unaudited pro forma condensed consolidated combined financial information of the Company for the year ended December 31, 2020 and the three months ended March 31, 2021.
99.3	Financial statements of Microvast, Inc. for the six months ended June, 2021.
99.4	Unaudited pro forma condensed consolidated combined financial information of the Company for the year ended December 31, 2020 and the six months ended June 30, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Incorporated by reference to the Company's Current Report filed July 28, 2021

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROVAST HOLDINGS, INC.

Date: August 16, 2021

By:	/s/ Yanzhuan Zheng
Name:	Yanzhuan Zheng
Title:	Chief Financial Officer

Exhibit 99.3

MICROVAST, INC.

Unaudited Condensed Consolidated Financial Statements
For The Three and Six Months Ended June 30, 2020 and 2021

MICROVAST, INC.

INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	December 31, 2020	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 21,496	$ 13,367
Restricted cash	19,700	20,460
Accounts receivable (net of allowance for doubtful accounts of $5,047 and $4,743 as of December 31, 2020 and June 30, 2021, respectively)	76,298	65,253
Notes receivable	20,839	17,693
Inventories, net	44,968	55,400
Prepaid expenses and other current assets	6,022	8,192
Total Current Assets	189,323	180,365
Property, plant and equipment, net	198,017	217,686
Land use rights, net	14,001	13,987
Acquired intangible assets, net	2,279	2,067
Other non-current assets	890	710
Total Assets	$ 404,510	$ 414,815
Liabilities		
Current liabilities:		
Accounts payable	$ 42,007	$ 43,814
Advance from customers	2,446	2,636
Accrued expenses and other current liabilities	60,628	35,597
Income tax payables	664	665
Short-term bank borrowings	12,184	16,572
Notes payable	35,782	32,173
Bonds payable	29,915	29,915
Total Current Liabilities	183,626	161,372
Deposit liability for series B2 convertible preferred shares (“Series B2 Preferred”)	21,792	21,792
Long-term bonds payable	73,147	137,490
Long-term bank borrowings	-	9,886
Other non-current liabilities	110,597	114,362
Total Liabilities	$ 389,162	$ 444,902

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS - continued
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	December 31, 2020	June 30, 2021
Mezzanine Equity (Note 12 and Note 14)		
Series C1 convertible redeemable preferred shares ("Series C1 Preferred") (US$0.01 par value; 166,950 authorized, issued and outstanding as of December 31, 2020 and June 30, 2021)	$ 80,581	$ 82,587
Series C2 convertible redeemable preferred shares ("Series C2 Preferred") (US$0.01 par value; 126,345 authorized, issued and outstanding as of December 31, 2020 and June 30, 2021)	81,966	86,528
Series D1 convertible redeemable preferred shares ("Series D1 Preferred") (US$0.01 par value; 139,186 authorized, issued and outstanding as of December 31, 2020 and June 30, 2021)	146,583	156,101
Redeemable noncontrolling interests	90,820	96,003
Total Mezzanine Equity	$ 399,950	$ 421,219
Commitments and contingencies (Note 20)		
Shareholders' Deficit		
Ordinary shares (par value of US$0.01 per share, 1,500,000 shares authorized as of December 31, 2020 and June 30, 2021; 617,880 shares issued and outstanding as of December 31, 2020 and June 30, 2021)	$ 6	$ 6
Statutory reserves	6,032	6,032
Accumulated deficit	(397,996)	(465,457)
Accumulated other comprehensive deficit	7,356	8,113
Total Shareholders' Deficit	(384,602)	(451,306)
Total Liabilities, Mezzanine Equity and Shareholders' Deficit	$ 404,510	$ 414,815

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

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Three months ended June 30,		Six months ended June 30,	
	2020	**2021**	**2020**	**2021**
Revenues	$ 21,698	$ 33,372	$ 28,647	$ 48,310
Cost of revenues	(18,144)	(40,146)	(23,875)	(56,321)
Gross profit	3,554	(6,774)	4,772	(8,011)
Operating expenses:				
General and administrative expenses	(3,760)	(6,178)	(7,949)	(10,752)
Research and development expenses	(4,242)	(5,895)	(7,960)	(9,681)
Selling and marketing expenses	(2,686)	(3,706)	(6,008)	(6,862)
Total operating expenses	(10,688)	(15,779)	(21,917)	(27,295)
Subsidy income	650	213	841	2,131
Loss from operations	(6,484)	(22,340)	(16,304)	(33,175)
Other income and expenses:				
Interest income	125	111	436	207
Interest expense	(1,357)	(1,537)	(2,837)	(3,383)
Loss on changes in fair value of convertible notes	-	(3,243)	-	(6,843)
Other expense, net	(4)	49	(5)	44
Loss before provision for income taxes	(7,720)	(26,960)	(18,710)	(43,150)
Income tax expense	(137)	(109)	(275)	(218)
Net loss	$ (7,857)	$ (27,069)	$ (18,985)	$ (43,368)
Net loss attributable to Microvast, Inc.	$ (7,857)	$ (27,069)	$ (18,985)	$ (43,368)
Less: Accretion of Series C1 Preferred	974	1,003	1,948	2,006
Less: Accretion of Series C2 Preferred	2,217	2,281	4,434	4,562
Less: Accretion of Series D1 Preferred	4,662	4,759	9,324	9,518
Less: Accretion for noncontrolling interests	3,961	4,036	7,922	8,007
Net loss attributable to ordinary shareholders of Microvast, Inc.	$ (19,671)	$ (39,148)	$ (42,613)	$ (67,461)
Net loss per share attributable to ordinary shareholders of Microvast, Inc.				
Basic and diluted	$ (31.84)	$ (63.36)	$ (68.97)	$ (109.18)
Weighted average shares used in calculating net loss per ordinary share				
Basic and diluted	617,880	617,880	617,880	617,880

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

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Net loss	$ (7,857)	$ (27,069)	$ (18,985)	$ (43,368)
Foreign currency translation adjustment	(432)	3,670	(4,644)	757
Comprehensive loss	$ (8,289)	$ (23,399)	$ (23,629)	$ (42,611)
Total comprehensive loss attributable to Microvast, Inc.	$ (8,289)	$ (23,399)	$ (23,629)	$ (42,611)

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

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Three Months Ended June 30, 2020						
	Ordinary shares		Additional paid-in	Accumulated other Accumulated	comprehensive	Microvast, Inc. Statutory	Total Shareholders'
	Shares	Amount	capital	deficit	loss	reserve	Deficit
Balance as of March 31, 2020	617,880	$ 6	$ -	$ (339,975)	$ (13,478)	$ 6,032	$ (347,415)
Net loss	-	-	-	(7,857)	-	-	(7,857)
Accretion for Series C1 Preferred	-	-	-	(974)	-	-	(974)
Accretion for Series C2 Preferred	-	-	-	(2,217)	-	-	(2,217)
Accretion for Series D1 Preferred	-	-	-	(4,662)	-	-	(4,662)
Accretion for the exiting noncontrolling interests	-	-	-	(1,409)	-	-	(1,409)
Foreign currency translation adjustments	-	-	-	-	(432)	-	(432)
Accretion for redeemable noncontrolling interests	-	-	-	(2,552)	-	-	(2,552)
Balance as of June 30, 2020	617,880	$ 6	$ -	$ (359,646)	$ (13,910)	$ 6,032	$ (367,518)

	Six Months Ended June 30, 2020						
	Ordinary shares		Additional paid-in	Accumulated other Accumulated	comprehensive	Microvast, Inc. Statutory	Total Shareholders'
	Shares	Amount	capital	deficit	loss	reserve	Deficit
Balance as of January 1, 2020	617,880	$ 6	$ 3,727	$ (320,760)	$ (9,266)	$ 6,032	$ (320,261)
Net loss	-	-	-	(18,985)	-	-	(18,985)
Accretion for Series C1 Preferred	-	-	(974)	(974)	-	-	(1,948)
Accretion for Series C2 Preferred	-	-	(2,217)	(2,217)	-	-	(4,434)
Accretion for Series D1 Preferred	-	-	(536)	(8,788)	-	-	(9,324)
Accretion for the exiting noncontrolling interests	-	-	-	(2,818)	-	-	(2,818)
Foreign currency translation adjustments	-	-	-	-	(4,644)	-	(4,644)
Accretion for redeemable noncontrolling interests	-	-	-	(5,104)	-	-	(5,104)
Balance as of June 30, 2020	617,880	$ 6	$ -	$ (359,646)	$ (13,910)	$ 6,032	$ (367,518)

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT - continued
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Three Months Ended June 30, 2021						
	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Microvast, Inc. Statutory reserve	Total Shareholders' Deficit
	Shares	Amount					
Balance as of March 31, 2021	617,880	$ 6	$ -	$ (426,309)	$ 4,443	$ 6,032	$ (415,828)
Net loss	-	-	-	(27,069)	-	-	(27,069)
Accretion for Series C1 Preferred	-	-	-	(1,003)	-	-	(1,003)
Accretion for Series C2 Preferred	-	-	-	(2,281)	-	-	(2,281)
Accretion for Series D1 Preferred	-	-	-	(4,759)	-	-	(4,759)
Accretion for the exiting noncontrolling interests	-	-	-	(1,430)	-	-	(1,430)
Foreign currency translation adjustments	-	-	-	-	3,670	-	3,670
Accretion for redeemable noncontrolling interests	-	-	-	(2,606)	-	-	(2,606)
Balance as of June 30, 2021	617,880	$ 6	$ -	$ (465,457)	$ 8,113	$ 6,032	$ (451,306)

	Six Months Ended June 30, 2021						
	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Microvast, Inc. Statutory reserve	Total Shareholders' Deficit
	Shares	Amount					
Balance as of January 1, 2021	617,880	$ 6	$ -	$ (397,996)	$ 7,356	$ 6,032	$ (384,602)
Net loss	-	-	-	(43,368)	-	-	(43,368)
Accretion for Series C1 Preferred	-	-	-	(2,006)	-	-	(2,006)
Accretion for Series C2 Preferred	-	-	-	(4,562)	-	-	(4,562)
Accretion for Series D1 Preferred	-	-	-	(9,518)	-	-	(9,518)
Accretion for the exiting noncontrolling interests	-	-	-	(2,824)	-	-	(2,824)
Foreign currency translation adjustments	-	-	-	-	757	-	757
Accretion for redeemable noncontrolling interests	-	-	-	(5,183)	-	-	(5,183)
Balance as of June 30, 2021	617,880	$ 6	$ -	$ (465,457)	$ 8,113	$ 6,032	$ (451,306)

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

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars, or otherwise noted)

	Six months ended June 30,	
	2020	**2021**
Cash flows from operating activities		
Net loss	$ (18,985)	$ (43,368)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on disposal of property, plant and equipment	56	6
Depreciation of property, plant and equipment	7,207	9,475
Amortization of land use right and intangible assets	352	376
Changes in fair value of convertible notes	-	6,843
Reversal of doubtful accounts	(863)	(196)
Provision for obsolete inventories	646	6,098
Impairment loss from property, plant and equipment	644	258
Product warranty	951	9,057
Changes in operating assets and liabilities:		
Notes receivable	14,167	3,352
Accounts receivable	13,451	11,813
Inventories	4,269	(16,134)
Prepaid expenses and other current assets	(821)	175
Other non-current assets	94	33
Notes payable	(15,094)	(3,989)
Accounts payable	(4,747)	1,390
Advance from customers	(1,058)	167
Accrued expenses and other liabilities	(9)	(381)
Net cash generated from/(used in) operating activities	260	(15,025)
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,914)	(29,858)
Proceeds on disposal of property, plant and equipment	(48)	-
Purchase of short-term investments	(1,999)	-
Proceeds from maturity of short-term investments	2,522	-
Net cash used in investing activities	(11,439)	(29,858)
Cash flows from financing activities		
Proceeds from borrowings	9,473	26,603
Repayment of bank borrowings	(11,894)	(12,265)
Loans borrowing from related parties	10,456	8,426
Repayment of related party loans	(10,033)	(8,426)
Repurchase shares from exiting noncontrolling interests	-	(33,047)
Issuance of convertible notes	-	57,500
Payment for transaction fee in connection with the merger transaction	-	(2,327)
Net cash (used in)/generated from financing activities	(1,998)	36,464
Effect of exchange rate changes	(1,539)	1,050
Decrease in cash, cash equivalents and restricted cash	(14,716)	(7,369)
Cash, cash equivalents and restricted cash at beginning of the period	41,784	41,196
Cash, cash equivalents and restricted cash at end of the period	$ 27,068	$ 33,827

MICROVAST, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Reconciliation to amounts on consolidated balance sheets		
Cash and cash equivalents	$ 21,759	$ 13,367
Restricted cash	5,309	20,460
Total cash, cash equivalents and restricted cash	$ 27,068	$ 33,827
Supplemental disclosure of cash flow information		
Interest paid	$ 1,032	$ 1,376
Non-cash investing and financing activities		
Payable for redemption of noncontrolling interest	$ 119,567	$ 97,979
Payable for purchase of property, plant and equipment	$ 17,096	$ 14,103

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Microvast, Inc. (the “Company” or “Microvast”) was incorporated under the laws of the State of Texas in the United States of America (“USA”) on October 12, 2006 and re-domiciled to the State of Delaware on December 31, 2015. The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in developing, manufacturing, and selling electronic power products for electric vehicles primarily in the People’s Republic of China (“PRC”) and Europe.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and use of estimates

The accompanying unaudited condensed consolidated financial statements include the financial information of Microvast Inc. and its subsidiaries. The unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Security and Exchange Commission and U.S. generally accepted accounting standards for interim financial reporting. Accordingly, certain information and disclosures normally included in the notes to the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been omitted from these interim financial statements. The results of operations for the three months and six months periods ended June 30, 2020 and 2021 are not necessarily indicative of the results for the full years.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Group’s audited consolidated financial statements for each of the three years in the period ended December 31, 2020 included in the definitive proxy statement relating to merger or acquisition between Microvast, Inc. and Tuscan Holding Corp. In the opinion of the management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (which include normal recurring adjustments) necessary for a fair statement of financial results for the interim periods presented. The Group believes that the disclosures are adequate to make the information presented not misleading.

The financial information as of December 31, 2020 presented in the unaudited condensed financial statements is derived from the Group’s audited consolidated financial statements for the year ended December 31, 2020.

The accompanying unaudited condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of the Group’s consolidated financial statements for each of the three years in the period ended December 31, 2020.

Significant accounting estimates reflected in the Group’s financial statements include allowance for doubtful accounts, provision for obsolete inventories, impairment of long-lived assets, valuation allowance for deferred tax assets, product warranties, fair value measurement of the convertible promissory notes, share based compensation and going concern assumption.

The unaudited condensed consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business is dependent on, among other things, the Group’s ability to generate sufficient cash flows from operations, and the Group’s ability to arrange adequate financing arrangements.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

Nature of Goods and Services

The Group's sales revenue consists primarily of sales of lithium batteries. The obligation of the Group is providing the electronic power products. Revenue is recognized at the point of time when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Group expects to be entitled to in exchange for the goods or services.

Disaggregation of revenue

For the three months ended June 30, 2020 and 2021, the Group derived revenues of $14,802 and $29,084 from Asia&Pacific, $6,890 and $4,231 from Europe and $6 and $57 from other geographic regions where the customers are located, respectively.

For the six months ended June 30, 2020 and 2021, the Group derived revenues of $18,687 and $41,568 from Asia&Pacific, $9,930 and $6,558 from Europe and $30 and $184 from other geographic regions where the customers are located, respectively.

Contract balances

Contract balances include accounts receivable and advance from customers. Accounts receivable represent cash not received from customers and are recorded when the right to consideration is unconditional. The allowance for doubtful accounts reflects the best estimate of probable losses inherent to the account receivable balance. Contract liabilities, recorded in advance from customers in the consolidated balance sheet, represents payment received in advance or payment received related to a material right provided to a customer to acquire additional goods or services at a discount in a future period. During the three months ended June 30, 2020 and 2021, the Group recognized $206 and $135 of revenue previously included in advance from customers as of April 1, 2020 and April 1, 2021, respectively. During the six months ended June 30, 2020 and 2021, the Group recognized $446 and $1,321 of revenue previously included in advance from customers as of January 1, 2020 and January 1, 2021, respectively, which consist of payments received in advance related to its sales of lithium batteries.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	December 31, 2020	June 30, 2021
Accounts receivable	$ 81,345	$ 69,996
Allowance for doubtful accounts	(5,047)	(4,743)
Accounts receivable, net	$ 76,298	$ 65,253

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

3. ACCOUNTS RECEIVABLE - continued

Movement of allowance for doubtful accounts was as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2021	Six months ended June 30, 2020	Six months ended June 30, 2021
Balance at beginning of the period	$ 4,524	$ 4,416	$ 5,537	$ 5,047
Charge to expenses	-	318	(863)	(196)
Write off	-	(28)	-	(131)
Exchange difference	10	37	(140)	23
Balance at end of the period	$ 4,534	$ 4,743	$ 4,534	$ 4,743

4. INVENTORIES, NET

Inventories consisted of the following:

	December 31, 2020	June 30, 2021
Work in process	$ 22,167	$ 21,090
Raw materials	17,451	20,223
Finished goods	5,350	14,087
Total	$ 44,968	$ 55,400

Provision for obsolete inventory at nil and $5,880 were recognized for the three months ended June 30, 2020 and 2021, respectively. Provision for obsolete inventory at $646 and $6,098 were recognized for the six months ended June 30, 2020 and 2021, respectively.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31, 2020	June 30, 2021
Advances to suppliers	$ 2,117	$ 4,857
Other receivables	688	1,242
VAT receivables	2,471	1,342
Deposits	746	751
Total	$ 6,022	$ 8,192

The balance of the VAT receivables represented the amount available for future deduction against VAT payable.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31, 2020	June 30, 2021
Payables to exiting investors	$ 30,000	$ -
Payables for purchase of property, plant and equipment	15,122	14,103
Product warranty	4,296	10,299
Other current liabilities	3,959	4,148
Accrued payroll and welfare	2,704	2,789
Interest payable	1,379	2,239
Accrued expenses	1,696	1,713
Other tax payable	1,472	306
Total	$ 60,628	$ 35,597

The payables to exiting investors represents the amount due in a year for the redemption of the shares owned by certain noncontrolling shareholders of a subsidiary. See Note 12.

7. PRODUCT WARRANTY

Movement of product warranty was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Balance at beginning of the period	$ 17,299	$ 19,105	$ 18,416	$ 19,356
Provided during the period	842	8,148	951	9,057
Utilized during the period	(783)	(1,710)	(2,009)	(2,870)
Balance at end of the period	$ 17,358	$ 25,543	$ 17,358	$ 25,543

	December 31, 2020	June 30, 2021
Product warranty – current	$ 4,296	$ 10,299
Product warranty – non-current	15,060	15,244
Total	$ 19,356	$ 25,543

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

8. BANK BORROWINGS

The Group entered into loan agreements and bank facilities with Chinese banks and a German bank.

The original terms of the loans from Chinese banks range from 6 to 12 months and the interest rates range from 5.00% to 6.00% per annum. As of June 30, 2021, the balance of the loans from Chinese bank was $16,572.

The bank facility agreement with the German bank includes a $13.0 million (EUR11 million) 8-year maturity term loan and a $4.7 million (EUR4 million) revolving facility ("German Bank Facility Agreement"). The interest rate of the 8-year maturity term loan is EURIBOR plus a margin rate determined by the financial leverage ratio of the Group. The $4.7 million (EUR4 million) revolving facility at 6% annual interest, needs to be renewed every year (60 days in advance). During the six months ended June 30, 2021, the Group drew down the 8-year maturity term loan at the amount of $9,886. The German Bank Facility Agreement contains financial covenants on the equity ratio, leverage ratio and profit distribution, and also it has acceleration clauses about the occurrence of failure to comply with the financial covenants. As of June 30, 2021, the Group's Germany subsidiary was not in compliance with the financial covenants. The Company obtained a waiver for the covenant violation through September 30, 2021, and subsequently cured the default in August 2020 by capital injection. The Group is and expects to be able to remain fully in compliance with the covenants.

Changes in bank borrowings were are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Beginning balance	$ 5,649	$ 13,156	$ 11,922	$ 12,184
Proceeds from bank borrowings	3,714	13,158	9,473	26,603
Repayments of principal	-	-	(11,894)	(12,265)
Exchange difference	22	(144)	(89)	(64)
Ending balance	$ 9,412	$ 26,458	$ 9,412	$ 26,458

	December 31, 2020	June 30, 2021
Current	$ 12,184	$ 16,572
Non-current	-	9,886
Total	$ 12,184	$ 26,458

Certain assets of the Group had been pledged to secure the above banking facilities granted to the Group. The aggregate carrying amount of the assets pledged by the Group as of December 31, 2020 and June 30, 2021 are as follows:

	December 31, 2020	June 30, 2021
Buildings	$ 22,732	$ 31,877
Machinery and equipment	19,297	17,835
Land use rights	2,789	4,466
Total	$ 44,818	$ 54,178

In addition, the Group's related parties Ochem Chemical Co., Ltd ("Ochem") and Ochemate Material Technologies Co., Ltd ("Ochemate") provided $20,874 and $21,838 of guarantees to secure certain bank facilities granted to the Group as of December 31, 2020 and June 30, 2021, respectively.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

9. OTHER NON-CURRENT LIABILITIES

	December 31, 2020	June 30, 2021
Payable to exiting investors	$ 94,316	$ 97,979
Product warranty - non-current	15,060	15,244
Deferred subsidy income- non-current	1,221	1,139
Total	$ 110,597	$ 114,362

The payable to exiting investors represent the amount to be paid for the redemption of the shares owned by certain noncontrolling interests holders of a subsidiary. See Note 12.

10. BONDS PAYABLE

	December 31, 2020	June 30, 2021
Bonds payable		
Third-party investors	$ 29,915	$ 29,915
Total	$ 29,915	$ 29,915
Long–term bonds payable		
Huzhou Saiyuan	$ 73,147	$ 73,147
PIPE investors	-	64,343
Total	$ 73,147	$ 137,490

Convertible Bonds issued to Huzhou Saiyuan

On December 29, 2018, Microvast Power Systems Co., Ltd. ("MPS") signed an agreement with Huzhou Saiyuan, an entity established by the local government, to issue convertible bonds to Huzhou Saiyuan for a total consideration of $87,776 (RMB600 million), of which $29,259 (RMB200 million) was converted from the existing non-interest-bearing loan with Huzhou Saiyuan as of December 31, 2018. The Company pledged its 12.39% equity holding over MPS to Huzhou Saiyuan to facilitate the issuance of convertible bonds. Besides the previous converted bond $29,259 (RMB200 million), Huzhou Saiyuan further subscribed $14,629 (RMB100 million) on January 9, 2019 and $29,259 (RMB200 million) on February 1, 2019, respectively.

If the subscribed bonds are not repaid by the maturity date, Huzhou Saiyuan has the right to dispose the equity interests pledged by the Company in proportion to the amount of matured bonds, or convert the bond to the equity interests of MPS within 60 days after the maturity date. If Huzhou Saiyuan decides to convert the bonds to equity interests of MPS, the equity interests pledged should be released and the convertible bonds should be converted to the equity interest of MPS based on the entity value of MPS at $950,000.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

10. BONDS PAYABLE - continued

On September 28, 2020, MPS signed a supplemental agreement for extension on repayment of convertible bonds to Huzhou Saiyuan, and the terms on repayments and interests were agreed as below:

Issuance Date	Subscribed Amount	Maturity Date	Repayment Amount	Annual Interest Rate
February 1, 2019	$29,259 (RMB200 million)	June 30, 2023	$29,259 (RMB200 million)	3%~4%
December 31, 2018	$29,259 (RMB200 million)	April 28, 2024	$14,629 (RMB100 million)	0%~4%
		July 11, 2024	$7,315 (RMB50 million)	0%~4%
		October 1, 2024	$7,315 (RMB50 million)	0%~4%
January 1, 2020	$14,629 (RMB100 million)	April 13, 2026	$14,629 (RMB100 million)	3%~4%

An additional one-year extension could be granted to the Group if the Group submits a written application before the extended maturity date. As of June 30, 2021, the outstanding balance of the convertible bonds to Huzhou Saiyuan totaled at $73,147 (RMB500 million).

Convertible Bonds issued to third-party investors

On November 2, 2018, MPS signed a convertible bond agreement with two third-party investors (the “Bond Holders”), through which the Bond Holders agreed to provide a non-interest bearing loan in an aggregate amount of $58,516 (RMB400 million) or up to $73,147 (RMB500 million) to MPS, and the Bond Holders could convert the bonds into a number of Series D2 preferred shares of the Company (the “Series D2 Preferred”) once approvals from the PRC and US government were obtained. As of December 31, 2020 and June 30, 2021, $29,915 (RMB204.5 million) was subscribed by the Bond Holders.

On July 23, 2021, upon the completion of the merger between Microvast and Tuscan Holdings Corp., the convertible bonds were settled and converted into 6,719,845 common shares of the combined company as disclosed in Note 21.

Convertible Notes at Fair Value

On January 4, 2021, the Company entered into a note purchase agreement to issue $57,500 convertible promissory notes to certain investors, fully due and payable on the third anniversary of the initial closing date. The notes bear no interest, provided, however, if a liquidity event has not occurred prior to June 30, 2022, an interest rate of 6% shall be applied retrospectively from the date of initial closing. The conversion of the promissory notes are contingent upon the occurrence of a Private Investment in Public Equity (“PIPE”) financing, a liquidity event (“Liquidity Event”) or a new financing after June 30, 2022 but before the maturity date (“Next Financing”). The first tranche and second tranche of the convertible promissory notes were issued in January 2021 and February 2021 at amount of $25,000 and $32,500, respectively. A discounted rate of 80% or 90% would be applied to the then share issuance price upon conversion, depending on the circumstances of PIPE financing, Liquidity Event or Next Financing.

The fair value option was elected for the measurement of the convertible notes. As of June 30, 2021, the fair value of the convertible notes was $64,343. Changes in fair value, a loss of $3,243 and $6,843 were recorded in the unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2021, respectively.

On July 23, 2021, upon the completion of the merger between Microvast and Tuscan Holdings Corp., the convertible promissory notes were converted into 6,736,106 common shares of the combined company.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

11. FAIR VALUE MEASUREMENT

Measured or disclosed at fair value on a recurring basis

The Group measured its financial assets and liabilities, including cash and cash equivalents, restricted cash and convertible notes at fair value on a recurring basis as of December 31, 2020 and June 30, 2021. Cash and cash equivalents and restricted cash are classified within Level 1 of the fair value hierarchy because they are valued based on the quoted market price in an active market. The Group determines the fair value of convertible notes, with the assistance of an independent third-party appraiser, based on Level 3 inputs. To determine the fair value of the convertible notes, the Group used probability expected return method.

The key assumptions used in valuation of convertible notes as of June 30, 2021 are summarized in the table below:

Probability for Conversion	90%
Probability for Redemption	10%
Remaining life	0.1 - 2.5 years

As of December 31, 2020 and June 30, 2021, information about inputs for the fair value measurements of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follow:

	Fair Value Measurement as of December 31, 2020			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 21,496	-	-	$ 21,496
Restricted cash	19,700	-	-	19,700
Total	$ 41,196	-	-	$ 41,196

	Fair Value Measurement as of June 30, 2021			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 13,367	-	-	$ 13,367
Restricted cash	20,460	-	-	20,460
Convertible notes	-	-	64,343	64,343
Total	$ 33,827	-	64,343	$ 98,170

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

11. FAIR VALUE MEASUREMENT - continued

Measured or disclosed at fair value on a recurring basis - continued

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three and six months ended June 30, 2021:

	Convertible notes
Balance as of January 1, 2021	$ -
Issuance of convertible notes	57,500
Changes in fair value of convertible notes	3,600
Balance as of March 31, 2021	$ 61,100
Changes in fair value of convertible notes	3,243
Balance as of June 30, 2021	$ 64,343

Measured or disclosed at fair value on a nonrecurring basis

The Group measured the long-lived assets using the income approach—discounted cash flow method, when events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable.

12. NONCONTROLLING INTERESTS

<u>Noncontrolling interests of MPS</u>

In March 2017, the Company sold 17.39% equity interest of its wholly-owned subsidiary, MPS, to eight third-party investors (the “Investors”) for total cash consideration of $400,000, which was received in 2017.

In February 2018, the Company signed a series of repurchase and redemption agreements with 6 out of the 8 investors of MPS which requested to redeem in aggregate 14.05% equity interests in MPS (“exiting Investors”), at a redemption value equal to the initial capital contribution plus 6% simple annual interest. To facilitate the repurchase and redemption transaction, MPS and the exiting Investors entered into certain property mortgage agreements on May 30, 2018.

Pursuant to an extension agreement signed in September 2020, the Group paid $30,000 (RMB214.2 million) in March 2021. See Note 6. Further, if the Group completes a qualified financing before 2022 with total amount of $200,000, the Group would pay the exiting Investors $30,000 (RMB214.2 million) which shall be made no later than September 30, 2023. If the Group completes new round financing in 2022 or 2023, the Group will pay the exiting Investors an amount calculated based on the proceeds received in the financing, and in no case will the repayment be less than $30,000 (RMB214.2 million). The repayment amount should be calculated based on the following rules:

a) Minimum repayment of $30,000 (RMB214.2 million) should be paid if the proceeds received in the financing is up to $200,000.

b) 15% of the incremental proceeds should be paid if the proceeds received in the financing is between $200,000 and $400,000.

c) 20% of the incremental proceeds and up to a maximum of the overdue payable amount should be paid if the proceeds received in the financing is above $400,000.

On July 23, 2021, upon the completion of the merger between Microvast and Tuscan Holdings Corp., the equity interest held by the investors who remained as noncontrolling shareholders of MPS were converted into 17,253,182 common shares of the combined company as disclosed in Note 21.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

13. ORDINARY SHARES

The Company's Amended and Restated Certificate of Incorporation authorizes 100,000,000 ordinary shares with a par value of $0.01 per share.

As of December 31, 2020 and June 30, 2021, the Company had 617,880 ordinary shares issued and outstanding.

On July 23, 2021, upon the completion of the merger between Microvast and Tuscan Holdings Corp., all of the ordinary shares were converted into common shares of the combined company at an exchange ratio of 160.3 as disclosed in Note 21.

14. PREFERRED SHARES

As of December 31, 2020 and June 30, 2021, the Company had preferred shares issued and outstanding as follows:

Preferred Shares	Number of Shares	Shareholders
Series C1 Preferred	166,950	Ashmore Global Special Situations Fund 4 Limited Partnership and Ashmore Global Special Situations Fund 5 Limited Partnership ("Ashmore") and International Finance Corporation ("IFC")
Series C2 Preferred	126,345	Ashmore Cayman SPC Limited ("Ashmore Cayman") and IFC
Series D1 Preferred	139,186	Evergreen Ever Limited ("EEL")
Total	**432,481**	

The changes in the balance of Series Preferred and redeemable noncontrolling interests included in the mezzanine equity for the six months ended June 30, 2020 and 2021 were as follows:

	Series C1 Preferred	Series C2 Preferred	Series D1 Preferred	Redeemable noncontrolling interests
Balance as of January 1, 2020	$ 76,684	$ 73,100	$ 127,935	$ 80,561
Accretion	974	2,217	4,662	2,552
Ending balance as of March 31, 2020	$ 77,658	$ 75,317	$ 132,597	$ 83,113
Accretion	974	2,217	4,662	2,552
Ending balance as of June 30, 2020	$ 78,632	$ 77,534	$ 137,259	$ 85,665
Balance as of January 1, 2021	$ 80,581	$ 81,966	$ 146,583	$ 90,820
Accretion	1,003	2,281	4,759	2,577
Ending balance as of March 31, 2021	$ 81,584	$ 84,247	$ 151,342	$ 93,397
Accretion	1,003	2,281	4,759	2,606
Ending balance as of June 30, 2021	$ 82,587	$ 86,528	$ 156,101	$ 96,003

On July 23, 2021, upon the completion of the merger between Microvast and Tuscan Holdings Corp., all preferred shares were converted into common shares of the combined company at an exchange ratio of 160.3 as disclosed in Note 21.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

15. SHARE-BASED PAYMENT

The share options, non-vested shares and non-vested share units may be vested only upon and after the occurrence of initial public offering, sale or transfer of all or substantially all of the business, operations or assets of the Company or its subsidiaries, taken as a whole, to a third party, or such other sale or transfer of ordinary shares in the Company as determined, in each case, by the Company pursuant to legal documents and other obligations binding upon it. As of June 30, 2021, it was not considered probable that the above performance condition would be achieved and accordingly no compensation expense was recorded.

Share options

Share options activity for the six months ended June 30, 2020 and 2021 was as follows:

Share options	Number of shares	Weighted average exercise price (US$)	Weighted average grant date fair value (US$)	Weighted average remaining contractual life
Outstanding as of January 1, 2020	47,277	$ 881.97	$ 343.83	7.1
Forfeited	(4,462)	366.00	285.11	
Outstanding as of March 31, 2020	42,815	$ 935.74	$ 349.95	7.0
Outstanding as of June 30, 2020	42,815	$ 935.74	$ 349.95	6.8
Expected to vest and exercisable as of June 30, 2020	42,815	$ 935.74	$ 349.95	6.8
Outstanding as of January 1, 2021	216,706	991.99	468.60	9.0
Forfeited	(5,700)	1005.85	475.71	
Outstanding as of March 31, 2021	211,006	$ 991.62	$ 468.41	8.7
Forfeited	(800)	1005.85	475.71	
Outstanding as of June 30, 2021	210,206	$ 991.57	$ 468.38	8.5
Expected to vest and exercisable as of June 30, 2021	210,206	$ 991.57	$ 468.38	8.5

Non-vested share

No non-vested shares activity occurred for the six months ended June 30, 2021. The non-vested shares activity for the six months ended June 30, 2020 was as follows:

	Number of non-vested shares	Weighted average grant date fair value per share (US$)
Outstanding as of January 1, 2020	20,523	$ 182.13
Transfer to non-vested share units	(20,523)	$ 182.13
Outstanding as of March 31, 2020	-	$ -
Outstanding as of June 30, 2020	-	$ -

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

15. SHARE-BASED PAYMENT - continued

Non-vested share units

The non-vested shares units will be settled in the form of cash payments. Most of them will be settled at price per unit equal to the fair market value on initial vesting date, and others will be settled at price per unit equal to the lesser of the fair market value on initial vesting date or the value of $1,005.85.

	Number of non-vested shares	Weighted average grant date fair value per share (US$)
Outstanding as of January 1, 2020	123,575	$ 143.89
Forfeited	(446)	$ 227.24
Transfer from non-vested shares	20,523	$ 182.13
Outstanding as of March 31, 2020	143,652	$ 149.10
Outstanding as of June 30, 2020	143,652	$ 149.10
Outstanding as of January 1, 2021	143,652	$ 149.10
Forfeited	-	$ -
Outstanding as of June 30, 2021	143,652	$ 149.10

Subsequent to the completion of the merger between Microvast and Tuscan Holdings Corp., the options granted under Microvast's stock incentive plan were converted into options to purchase common stock of the combined company at exchange ratio of 160.3 with three-year vesting period starting from the first anniversary of the closing. And the non-vested share units granted under Microvast's stock incentive plan will be settled in cash at price per unit determined by the fair value market of the common stock of the combined company, with three-year vesting period starting from the first anniversary of the closing. The Company is in the process of assessing the accounting impact.

Series B2 Preferred subscribed by employees

On October 30, 2015, the Company issued 79,107 Series B2 Preferred to certain employees of the Company. The Series B2 Preferred were issued for cash consideration of $366.00 per share and all the Series B2 Preferred were fully paid on the date of issuance. The Series B2 Award shall vest with respect to one-fourth of the total number of the Series B2 Award immediately upon the occurrence of a qualified IPO or initial vesting date, and on each of the first, second and third anniversaries of the initial vesting date; provided that through each applicable vesting date, the holder of the Series B2 Award remains employed with the Group.

As of December 31, 2020 and June 30, 2021, 53,319 shares were legally issued and outstanding and the Company recorded a deposit liability of $21,792 at the per share price equal to the original Series B2 Preferred subscription price.

Subsequent to the completion of the merger between Microvast and Tuscan Holdings Corp., the Series B2 Award were converted into options to purchase common stock of the combined company at exchange ratio of 160.3, with three-year vesting period starting from the first anniversary of the closing. The Company is in the process of assessing the accounting impact.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

16. MAINLAND CHINA CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. The total provisions for such employee benefits were $418 and $640 for three months ended June 30, 2020 and 2021, respectively. The total provisions for such employee benefits were $954 and $1,281 for six months ended June 30, 2020 and 2021, respectively.

17. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's CODM has been identified as the Chief Executive Officer ("CEO"), who reviews consolidated results including revenue, gross profit and operating profit at a consolidated level only and does not distinguish between products for the purpose of making decisions about resources allocation and performance assessment. As such, the Group concluded that it has one operating segment and one reporting segment.

Long-lived assets, classified by major geographic regions are as follows.

Geographic regions	December 31, 2020		June 30, 2021	
	Amount	**%**	**Amount**	**%**
PRC	198,921	94%	191,182	83%
Asia & Pacific	**198,921**	**94%**	**191,182**	**83%**
Germany	12,747	6%	21,462	9%
United Kingdom	120	0%	99	0%
Europe	**12,867**	**6%**	**21,561**	**9%**
United States	230	0%	18,930	8%
Total	**212,018**	**100%**	**231,673**	**100%**

Revenues, classified by major geographic regions in which the Group's customers are located are as follows.

Geographic regions	Three months ended June 30, 2020		Three months ended June 30, 2021		Six months ended June 30, 2020		Six months ended June 30, 2021	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
PRC	8,680	40%	21,650	65%	11,610	41%	32,292	67%
India	738	3%	1,998	6%	1,135	4%	3,269	7%
Russia	5,052	23%	3,267	10%	5,535	19%	3,724	8%
Other countries	332	2%	2,169	6%	407	1%	2,283	5%
Asia & Pacific	**14,802**	**68%**	**29,084**	**87%**	**18,687**	**65%**	**41,568**	**87%**
United Kingdom	1,212	6%	3,508	11%	3,504	12%	5,212	10%
Netherlands	4,187	19%	2	0%	4,192	15%	22	0%
Other countries	1,491	7%	721	2%	2,234	8%	1,324	3%
Europe	**6,890**	**32%**	**4,231**	**13%**	**9,930**	**35%**	**6,558**	**13%**
Other	6	0%	57	0%	30	0%	184	0%
Total	**21,698**	**100%**	**33,372**	**100%**	**28,647**	**100%**	**48,310**	**100%**

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

18. RELATED PARTY BALANCES AND TRANSACTIONS

Name	Relationship with the Group
Ochem	Controlled by CEO
Ochemate	Controlled by CEO

(1) Related party transaction

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Raw material sold to Ochem	$ -	$ 138	$ -	$ 293

(2) Interest-free loans

MPS received certain interest-free loans from related parties Ochemate and Ochem for the three months ended June 30, 2020 and 2021 with accumulative amount at $4,531 and $4,184, respectively. MPS received certain interest-free loans from related parties Ochemate and Ochem for the six months ended June 30, 2020 and 2021 with accumulative amount at $10,456 and $8,426, respectively.

The outstanding balance for the amount due from Ochem was nil as of December 31, 2020 and June 30, 2021, respectively. Also, Ochem and Ochemate provided certain pledges and credit guarantees for the Group to secure bank facilities. Please refer to Note 8.

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

19. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2020	**2021**	**2020**	**2021**
Numerator:				
Net loss attributable to ordinary shareholders	$ (19,671)	$ (39,148)	$ (42,613)	$ (67,461)
Denominator:				
Weighted average ordinary shares outstanding used in computing basic and diluted net loss per share	617,880	617,880	617,880	617,880
Basic and diluted net loss per share	$ (31.84)	$ (63.36)	$ (68.97)	$ (109.18)

For the three and six months ended June 30, 2020 and 2021, the following shares outstanding were excluded from the calculation of diluted net loss per ordinary share, as their inclusion would have been anti-dilutive for the periods prescribed.

	Three months ended June 30,		Six months ended June 30,	
	2020	**2021**	**2020**	**2021**
Shares issuable upon exercise of share options	42,815	210,683	42,840	212,019
Shares issuable upon vesting of non-vested shares	-	-	1,015	-
Shares issuable upon conversion of Series B2 Preferred	53,319	53,319	53,319	53,319
Shares issuable upon conversion of Series C1 Preferred	166,950	166,950	166,950	166,950
Shares issuable upon conversion of Series C2 Preferred	126,345	126,345	126,345	126,345
Shares issuable upon conversion of Series D1 Preferred	139,186	139,186	139,186	139,186
Shares issuable upon conversion of Series D2 Preferred	102,512	102,512	102,512	102,512
Shares issuable upon conversion of non-controlling interests of a subsidiary	107,650	107,650	107,650	107,650

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

20. COMMITMENTS AND CONTINGENCIES

Litigation

- *Mr. Smith*

On September 4, 2017, Matthew Smith, the Company's former attorney, sent a demand letter to the Company alleging claims for breach of contract (involving stock options) and discrimination. On October 5, 2017, Mr. Smith filed a charge of discrimination with the United States Equal Employment Opportunity Commission alleging the same discrimination claims and also claiming his employment was terminated in retaliation for his prior discrimination complaints. In this action, Mr. Smith seeks the following relief: (1) a declaration that he owns the 2,600 ordinary shares and (2) various damages and other equitable remedies over $1,000. The Company denied all allegations and wrongful conduct.

On February 5, 2018, Mr. Smith filed suit against the Company asserting causes of action for breach of contract against the Company and assert his alleged discrimination and retaliation claims. On April 5, 2021, the Court issued a new Order of trial setting which set the trial for the two-week period beginning September 13, 2021. The parties are in discussions with plaintiff's counsel regarding rescheduling the trial to a date before September 13 so that the case can be tried in the relatively near future.

Based on the information available, the Company anticipated the losses are not probable and cannot be estimated and therefore, no accrual for contingency loss was recorded in the consolidated financial statements for the three and six months ended June 30, 2020 and 2021.

Capital commitments

Capital commitments for construction of property and purchase of property, plant and equipment were $9,141 as of June 30, 2021, which is mainly for the construction of the lithium battery production line.

Lease commitments

Future minimum payments under lease commitments as of June 30, 2021 were as follows:

	2021
Six months period ending December 31, 2021	$ 2,293
2022	3,637
2023	3,135
2024	2,361
2025	1,944
2026	1,944
Thereafter	17,596
	$ 32,910

21. SUBSEQUENT EVENTS

The Group has evaluated events subsequent to the balance sheet date of June 30, 2021 through August 16, 2021, the date on which the financial information is available to be issued.

Merger Transactions

On July 23, 2021, the merger transaction between Microvast and Tuscan Holdings Corp. ("Tuscan") was completed, resulting in the combined company being renamed "Microvast Holdings, Inc.", with its common stock and warrants to commence trading on the NASDAQ on July 26, 2021. The net proceeds from the merger transaction include $708.4 million cash received by the combined company upon closing and the proceeds from $57.5 million promissory convertible notes issued in January and February 2021. Upon the completion of the merger transaction, the stockholders of Microvast, including the ordinary shareholders, preferred shareholders, certain bond holders and noncontrolling interest holders, received their pro rata portion of an aggregate of 210,000,000 shares of common stock of the combined company at an exchange ratio of 160.3, representing 69.9% ownership interest of the combined company. The board of directors of the combined company consists of seven members, including four members nominated by the CEO of Microvast, one member nominated by Ashmore, one member nominated by the ultimate parent company of EEL and one member nominated by Tuscan. As such, the merger transaction will be accounted for as a reverse recapitalization with Microvast being identified as the accounting acquirer, because the stockholders of Microvast obtained control of the combined company.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

Microvast Holdings, Inc., (formerly named Tuscan Holdings, Inc., or the "Company") is providing the following unaudited pro forma condensed combined financial information to aid you in your analysis of the financial aspects of Microvast becoming a wholly-owned subsidiary of the Company as a result of Merger Sub, a wholly-owned subsidiary of the Company, merging with and into Microvast, and Microvast surviving the merger as a wholly owned subsidiary of the Company, all as described in the Form 8-K to which this Exhibit is a part (the "Form 8-K"). The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

In connection with the Business Combination, (1) the Company issued 48,250,000 shares of common stock to certain investors for $482,500,000, (2) the Company issued 6,736,106 shares of common stock upon conversion of an aggregate of $57,500,000 outstanding Bridge Notes pursuant to the Bridge Note Conversion, (3) Merger Sub merged with and into Microvast with Microvast as the surviving corporation of the Merger, (4) all of the outstanding equity interests in Microvast were converted into 210,000,000 shares of common stock, (5) each of the 27,493,140 shares of publicly held common stock that was outstanding prior to the Merger remained outstanding unless the holders thereof elected to convert such shares into cash in connection with the Business Combination, and (6) the 708,589 Units and 6,900,000 shares of common stock owned by the Sponsor and the 128,411 Units and 300,000 shares of common stock held by EarlyBirdCapital remained outstanding. In addition, if, during the 3-year period following the closing of the Merger, the common stock trades above $18.00 per share, 20,000,000 Earn-Out Shares will be issued to the former equity holders of Microvast. The following unaudited pro forma condensed combined financial statements of the Company presents the combination of the financial information of Tuscan and Microvast, adjusted to give effect to the Business Combination including:

- the reverse recapitalization between Microvast and Tuscan, whereby no goodwill or other intangible assets are recorded, in accordance with GAAP; and

- the consummation of the Business Combination.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2021 assumes that the Business Combination occurred on June 30, 2021. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 and for the six months ended June 30, 2020 present pro forma effect to the Business Combination as if they have been completed on January 1, 2020. The unaudited pro forma combined financial statements have been presented for illustrative purposes only and do not necessarily reflect what the Company' financial condition or results of operations would have been had the acquisition occurred on the dates indicated. Further, the pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of the Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The historical audited financial information of Microvast was derived from the audited consolidated financial statements of Microvast as of and for the three years ended December 31, 2020, which were included with Tuscan's definitive proxy statement (the "Definitive Proxy Statement") filed with the Securities and Exchange Commission on July 2, 2021. The historical unaudited financial information of Microvast was derived from the unaudited condensed consolidated financial statements of Microvast as of and for the six months ended June 30, 2021, included elsewhere in this Form 8-K. This information should be read together with Tuscan's audited financial statements and related notes, the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and other financial information included elsewhere in the Definitive Proxy Statement or the Company's Form 10-Q for the six months ending June 30, 2021, filed with the Securities and Exchange Commission on August 16, 2021 (the "Form 10-Q").

The Business Combination will be accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with United States generally accepted accounting principles ("***U.S. GAAP***"). Former Microvast equity holders will control Microvast before and after the Business Combination. As there is no change in control, Microvast has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Former Microvast equity holders will have a majority of the voting power of the Company;

- Former Microvast equity holders will have the ability to nominate and represent majority of the Board;

- Microvast's former management will comprise all of the management and executive positions of the Company.

Under this method of accounting, Tuscan will be treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination will be treated as the equivalent of Microvast issuing stock for the net assets of Tuscan, accompanied by a recapitalization. The net assets of Tuscan will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Microvast.

Description of the Business Combination

On February 1, 2021, Tuscan entered into the Merger Agreement. The consideration paid in connection with the Business Combination consisted of shares of common stock. At the closing of the Merger Agreement, a series of transactions occurred, including the following: (1) Tuscan issued 48,250,000 shares of common stock to certain investors for $482,500,000; (2) Tuscan issued 6,736,106 shares of common stock upon conversion of an aggregate of $57,500,000 outstanding Bridge Notes pursuant to the Bridge Note Conversion; (3) Merger Sub merged with and into Microvast with Microvast as the surviving corporation of the Merger; (4) all of the outstanding equity interests in Microvast were converted into 210,000,000 shares of common stock; (5) each of the 27,493,140 shares of publicly held common stock that was outstanding prior to the Merger remained outstanding unless the holders thereof elected to convert such shares into cash in connection with the Business Combination; and (6) the 708,589 Units and 6,900,000 shares of common stock owned by the Sponsor and the 128,411 Units and 300,000 shares of common stock held by EarlyBirdCapital remained outstanding. In connection with the Merger, the holders of 90,372 shares of common stock elected to convert those shares into their pro rata share of Tuscan's trust account, resulting in payments to them of $922,698 and such conversions have been reflected in the pro forma adjustments. In addition, if, during the 3-year period following the closing of the Merger, the common stock trades above $18.00 per share, or there is a change of control in which equity holders receive $18.00 or more per share, 20,000,000 Earn-Out Shares will be issued to the former equity holders of Microvast. Since the Business Combination is accounted for as a reverse capitalization and the Earn-Out Shares are indexed to our equity, the Earn-Out Shares meet the criteria for equity classification and are accounted for as such in the pro forma financial statements.

Following the consummation of the transactions contemplated by the Merger Agreement, Microvast is a wholly owned subsidiary of the Company and former Microvast equity holders own 69.9% of the Company.

The following summarizes the pro forma shares of common stock legally outstanding following consummation of the Merger:

	(Shares)	**%**
Existing Microvast Equity Holders[(a)]	210,000,000	69.9%
Existing Microvast Convertible Noteholders	6,736,106	2.2%
Tuscan public stockholders	27,493,140	9.2%
Sponsor Group[(b)]	7,608,589	2.5%
EarlyBirdCapital	428,411	0.1%
PIPE Investors	48,250,000	16.1%
Pro Forma Common Stock	**300,516,246**	**100%**

(a) Excludes the Earn-Out Shares, if any.
(b) Includes 1,687,500 shares that may be subject to cancellation in accordance with the amended escrow agreement.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2021, the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021, and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 are based on the historical financial statements of Tuscan and Microvast. The unaudited transaction adjustments are based on information currently available, assumptions and estimates underlying the unaudited transaction adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2021
(in thousands, except share and per share data)

	As of June 30, 2021		Transaction Adjustments		As of June 30, 2021
	Tuscan (Historical)	Microvast (Historical)	(Note 3)		Pro Forma Combined
Assets					
Current assets					
Cash and cash equivalents	66	13,367	281,672	A	721,525
			(10)	B	
			550	C	
			(55,697)	G	
			482,500	H	
			(923)	I	
Restricted cash		20,460			20,460
Accounts receivable, net of allowance for doubtful accounts		65,253			65,253
Notes receivable		17,693			17,693
Inventories, net		55,400			55,400
Prepaid expense and other current assets	40	8,192	(2,327)	G	5,905
Total current assets	**106**	**180,365**	705,765		**886,236**
Non-current assets					
Property, plant and equipment, net		217,686			217,686
Land use right, net		13,987			13,987
Acquired intangible assets, net		2,067			2,067
Marketable securities held in Trust Account	281,672		(281,672)	A	—
Other non-current assets		710			710
Total non-current assets	**281,672**	**234,450**	**(281,672)**		**234,450**
Total assets	**281,778**	**414,815**	**424,093**		**1,120,686**
Current liabilities					
Accounts payable		43,814			43,814
Advance from customers		2,636			2,636
Accrued expenses and other current liabilities	801	35,597	(10)	B	36,388
Income tax payables		665			665
Short-term bank borrowings		16,572			16,572
Notes payable		32,173			32,173
Short-term bonds payables		29,915	(29,915)	E	—
Total current liabilities	**801**	**161,372**	**(29,925)**		**132,248**
Non-current liabilities					
Deposit liability for series B2 convertible preferred shares		21,792			21,792
Long-term bonds payables		137,490	(64,343)	H	73,147
Long-term bank borrowings		9,886			9,886
Convertible promissory note – related party	1,686		(1,686)	C	—
Warrant Liability	4,184				4,184
Other non-current liabilities		114,362			114,362
Total non-current liabilities	**5,870**	**283,530**	**(66,029)**		**223,371**
Total Liabilities	**6,671**	**444,902**	**(95,954)**		**355,619**

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2021 — (Continued)
(in thousands, except share and per share data)

	As of June 30, 2021		Transaction Adjustments		As of June 30, 2021
	Tuscan (Historical)	Microvast (Historical)	(Note 3)		Pro Forma Combined
Commitments					
Common stock subject to possible redemption, 27,583,510 shares at redemption value at March June 30, 2021	281,581	—	(281,581)	D	—
Mezzanine equity					
Series C1 convertible redeemable preferred shares	—	82,587	(82,587)	E	—
Series C2 convertible redeemable preferred shares	—	86,528	(86,528)	E	—
Series D1 convertible redeemable preferred shares	—	156,101	(156,101)	E	—
Redeemable non-controlling interests	—	96,003	(96,003)	E	—
Total mezzanine equity	**—**	**421,219**	**(421,219)**		**—**
Equity					
Ordinary shares	1	6	3	D	30
			21	E	
			(6)	E	
			5	H	
Additional paid-in capital	—	—	2,236	C	1,231,862
			281,578	D	
			451,119	E	
			(6,475)	F	
			(42,511)	G	
			546,838	H	
			(923)	I	
Statutory reserves	—	6,032			6,032
Accumulated deficit	(6,475)	(465,457)	6,475	F	(480,970)
			(15,513)	G	
Accumulated other comprehensive income	—	8,113	—		8,113
Total equity (deficit)	**(6,474)**	**(451,306)**	**1,222,847**		**765,067**
Total liabilities, mezzanine equity and equity	**281,778**	**414,815**	**424,093**		**1,120,686**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except share and per share data)

	Year Ended on December 31, 2020		Transaction Adjustments		Year Ended on December 31, 2020
	Tuscan (Historical)	Microvast (Historical)	(Note 3)		Pro Forma Combined
Revenues	—	107,518	—		107,518
Cost of revenues	—	(90,378)	—		(90,378)
Gross profit	—	17,140	—		17,140
Operating expenses:					
General and administrative expenses	(922)	(18,849)	(15,513)	GG	(35,284)
Research and development expenses	—	(16,637)	—		(16,637)
Selling and marketing expenses	—	(13,761)	—		(13,761)
Total operating expenses	**(922)**	**(49,247)**	**(15,513)**		**(65,682)**
Subsidy income	—	3,000	—		3,000
Operating Loss	**(922)**	**(29,107)**	**(15,513)**		**(45,542)**
Other income and expenses:					
Interest income	2,654	571	(2,654)	AA	571
Interest expense	—	(5,738)	1,200	BB	(4,538)
Other income, net	—	650	—		650
Unrealized gain on marketable securities held in Trust Account	10	—	(10)	CC	—
Changes in fair value of warrants	(3,799)	—	—		(3,799)
Loss before income tax	**(2,057)**	**(33,624)**	**(16,977)**		**(52,658)**
Income tax expense	(367)	(1)	367	DD	(1)
Net loss	**(2,424)**	**(33,625)**	**(16,610)**		**(52,659)**
Weighted average shares outstanding of common stock	8,417,241				298,828,746
Basic and diluted net loss per share	$ (0.53)				$ (0.18)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(in thousands, except share and per share data)

	Six Months Ended June 30, 2021		Transaction Adjustments		Six Months Ended June 30, 2021
	Tuscan (Historical)	Microvast (Historical)	(Note 3)		Pro Forma Combined
Revenues	—	48,310	—		48,310
Cost of revenues	—	(56,321)	—		(56,321)
Gross loss	—	(8,011)	—		(8,011)
Operating expenses:					
General and administrative expenses	(1,435)	(10,752)	—		(12,187)
Research and development expenses	—	(9,681)	—		(9,681)
Selling and marketing expenses	—	(6,862)	—		(6,862)
Total operating expenses	**(1,435)**	**(27,295)**	**—**		**(28,730)**
Subsidy income	—	2,131	—		2,131
Operating Loss	(1,435)	(33,175)	—		(34,610)
Other income and expenses:					
Interest income	46	207	(46)	AA	207
Interest expense	—	(3,383)	300	BB	(3,083)
Other expense, net	—	44	—		44
Loss on changes in fair value of convertible notes	—	(6,843)	6,843	FF	—
Change in the fair value of convertible promissory notes – related party	(736)	—	736	EE	—
Changes in fair value of warrants	21	—	—		21
Loss before income tax	**(2,104)**	**(43,150)**	7,833		**(37,421)**
Income tax benefit (expense)	5	(218)	(5)	DD	(218)
Net Loss	**(2,099)**	**(43,368)**	**7,828**		**(37,639)**
Weighted average shares outstanding of common stock	8,344,990				298,828,746
Basic and diluted net loss per share	$ (0.25)				$ (0.13)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The Business Combination will be accounted for as a reverse recapitalization in accordance with GAAP as Microvast has been determined to be the accounting acquirer, primarily due to the fact that former Microvast equity holders will continue to control Microvast Holdings. Under this method of accounting, while Tuscan is the legal acquirer, it will be treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination will be treated as the equivalent of Microvast issuing stock for the net assets of Tuscan, accompanied by a recapitalization. The net assets of Tuscan will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Microvast.

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 assumes that the Business Combination occurred on June 30, 2021. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 and for the year ended December 31, 2020 present pro forma effect to the Business Combination as if they have been completed on January 1, 2020.

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 has been prepared using, and should be read in conjunction with, the following:

- Tuscan's unaudited condensed balance sheet as of June 30, 2021 and the related notes, included in the Form 10-Q; and
- Microvast's unaudited condensed consolidated balance sheet as of June 30, 2021 and the related notes, included elsewhere in the Form 8-K.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 has been prepared using, and should be read in conjunction with, the following:

- Tuscan's unaudited condensed statement of operations for the six months ended June 30, 2021 and the related notes, included in the Form 10-Q; and
- Microvast's unaudited condensed consolidated statement of operation for the six months ended June 30, 2021 and the related notes, included elsewhere in the Form 8-K.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- Tuscan's statement of operations for the year ended December 31, 2020 and the related notes, included elsewhere in the Definitive Proxy Statement; and
- Microvast's consolidated statement of operation for the year ended December 31, 2020 and the related notes, included elsewhere in the Form 8-K.

Management has made significant estimates and assumptions in its determination of the transaction adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, or dis-synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination.

The transaction adjustments reflecting the consummation of the Business Combination is based on certain currently available information and certain assumptions and methodologies that we believe are reasonable under the circumstances. The unaudited condensed transaction adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the transaction adjustments and it is possible the difference may be material. The Company believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at the time and that the transaction adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of Microvast Holdings. They should be read in conjunction with the historical financial statements and notes thereto of Tuscan and Microvast.

2. Accounting Policies

Upon consummation of the Business Combination, Microvast Holdings' management will perform a comprehensive review of the two entities' accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of Microvast Holdings. Based on its initial analysis, management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only. The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to the Business Combination by using transaction accounting adjustments, autonomous entity adjustments and optional disclosure of management's adjustments related to synergies and dis-synergies. Tuscan and Microvast have not had any historical relationship prior to the Business Combination. Accordingly, no transaction adjustments were required to eliminate activities between the companies.

The unaudited pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had Microvast Holdings filed consolidated income tax returns during the periods presented.

The unaudited pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma condensed combined statements of operations are based upon the number of shares of Microvast Holdings' common stock outstanding, assuming the Business Combination occurred on January 1, 2020.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2021 are as follows:

A. Reflects the reclassification of cash held in the trust account that becomes available following the Business Combination.

B. Reflects the settlement of accrued expenses pursuant to the Administrative Support Agreement which will be terminated upon the consummation of the Merger.

C. Reflects the conversion of an unsecured promissory note to the Sponsor into 150,000 units on the same terms as the private units.

D. Reflects the conversion of $281.8 million conversion value of common stock subject to conversion to permanent equity after Tuscan stockholders holding 90,372 shares exercised their Conversion rights.

E. Reflects the conversion of the Microvast Convertible Loans, Preferred Stock and noncontrolling interests into common stock in accordance with the Merger Agreement and the Framework Agreement.

F. Reflects the elimination of Tuscan's historical accumulated retained earnings.

G. Represents preliminary estimated transaction costs incurred as part of the Business Combination totalling $58.0 million, consisting of (i) approximately $21.1 million of placement agent fees and related expenses payable to the placement agents upon the closing of the PIPE transaction, (ii) financial and transaction advisory fees of approximately $14.8 million payable upon consummation of the Business Combination, (iii) a fee of approximately $9.7 million payable to EarlyBirdCapital under the agreement that Tuscan entered into with EarlyBirdCapital in connection with the IPO, and (iv) printing, legal, accounting and other fees of $12.4 million. $42.5 million offering costs related to capital raise for Microvast has been recorded as a reduction to additional paid-in capital and the remainder as an increase to accumulated deficit.

H. Reflects (i) proceeds of $482.5 million from the issuance of 48,250,000 shares of common stock at a price of $10.00 per share pursuant to the PIPE Subscription Agreements and (ii) automatic conversion of $61.1 million bonds issued in January and February 2021 to 6,736,106 shares of common stock pursuant to the subscription agreements for the Bridge Note Conversion (the price for the shares converted from convertible notes is $8 and $9 for Tranche I and Tranche II, respectively).

I. Reflects actual redemption of 90,372 shares into $0.9 million in cash by Tuscan stockholders upon consummation of the Merger.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The transaction adjustments included in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 and for the six months ended June 30, 2021 are as follows:

AA: Reflects the elimination of interest income generated from investment held in trust account.

BB: Reflects the elimination of interest expense as a result of loan repayment at Closing.

CC: Reflects the elimination of unrealized loss on investment held in trust account.

DD: Reflects the elimination of income tax expense as a result of elimination of the trust account income.

EE: Reflects the elimination of changes in fair value of convertible promissory notes — related party.

FF: Reflects the elimination of changes in fair value of convertible notes at fair value.

GG: Reflects the transaction costs which are not offering costs related to capital raise for Microvast. Refer to note G above for details.

4. Earnings per Share

Represents net earnings per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since January 1, 2020. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented. If the maximum number of shares are converted, this calculation is retroactively adjusted to eliminate such shares for the entire periods.

(in thousands, except share and per share data)	Six Months Ended June 30, 2021
Pro forma net loss	(37,639)
Pro forma weighted average shares outstanding – basic and diluted	298,828,746
Pro forma net loss per share – basic and diluted	(0.13)

(in thousands, except share and per share data)	Year Ended December 31, 2020
Pro forma net loss	(52,659)
Pro forma weighted average shares outstanding – basic and diluted	298,828,746
Pro forma net loss per share – basic and diluted	(0.18)

Pro forma weighted average shares outstanding – basic and diluted	
Existing Microvast Equity Holders	210,000,000
Existing Microvast Convertible Noteholders	6,736,106
Total Microvast Business Combination shares	216,736,106
Tuscan public shares	33,842,640
PIPE Investors	48,250,000
Pro Forma Common Stock	**298,828,746**

For the purposes of applying the if converted method for calculating diluted earnings per share, we assumed that all 27,600,000 warrants sold in Tuscan's IPO, warrants sold in Tuscan's private placement, Microvast non-vested shares, and Microvast stock options are exchanged for common stock. However, since this results in anti-dilution, the effect of such exchange was not included in calculation of diluted loss per share. Shares underlying these instruments are as follows: (a) approximately 28.4 million shares of Tuscan common stock underlying the warrants sold in the Tuscan IPO and private placement, and (b) approximately 32.1 million Microvast shares for unvested, and/or unexercised non-vested shares and stock options.

Further, we also excluded 20,000,000 Earn-Out Shares issuable under the contingent consideration earnout section of the Merger Agreement and excluded 1,687,500 Sponsor shares that may be subject to cancellation under the section of the amended escrow agreement, as none of the contingencies have been resolved and/or achieved as of the filing date.

ANTICIPATED ACCOUNTING TREATMENT

The Microvast equity holders will continue to control Microvast before and after the Business Combination. The Business Combination will be accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded in accordance with GAAP.

Microvast has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances: (1) Microvast equity holders will have a majority of the voting power; (2) Microvast equity holders will have the ability to nominate and represent majority of the Board; and (3) Microvast's former management will comprise all of the management of Microvast Holdings. Under this method of accounting, Tuscan will be treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination will be treated as the equivalent of Microvast issuing stock for the net assets of Tuscan, accompanied by a recapitalization. The net assets of Tuscan will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Microvast.

COMPARATIVE SHARE INFORMATION

The following table sets forth selected historical comparative share information for Tuscan and Microvast and unaudited pro forma condensed combined per share information of Microvast Holdings after giving effect to the Business Combination.

The pro forma book value information reflects the Business Combination as if it had occurred on June 30, 2021. The weighted average shares outstanding and net earnings per share information reflect the Business Combination as if it had occurred on January 1, 2020. This information is only a summary and should be read together with the historical financial statements of Tuscan and Microvast and related notes. The unaudited pro forma combined per share information of Tuscan and Microvast is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included elsewhere in this Form 8-K.

The unaudited pro forma combined earnings per share information below does not purport to represent the earnings per share which would have occurred had the companies been combined during the periods presented, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of Tuscan and Microvast would have been had the companies been combined during the periods presented.

	Tuscan (Historical)	Microvast (Historical)	Combined Pro Forma[4]	Microvast Equivalent Per Share Pro Forma[2]
As of and for the Six Months Ended June 30, 2021				
Book value per share[1]	(0.78)	(730.41)	2.55	408.03
Weighted average shares outstanding, basic and diluted:	8,334,990	617,880	298,828,746	
Net loss per common share[3]	(0.25)	(103.42)	(0.13)	(20.19)
As of and for the Year Ended December 31, 2020				
Book value per share[1]	0.59	(622.45)	N/A	N/A
Weighted average shares outstanding, basic and diluted:	8,417,241	617,880	298,828,746	
Net loss per common share[3]	(0.53)	(131.03)	(0.18)	(28.24)

(1) Book value per share = Total equity excluding mezzanine equity/shares outstanding

(2) The equivalent pro forma basic and diluted per share data for Microvast is calculated by multiplying the combined pro forma per share data by the 160.3 Exchange Ratio.

(3) Number of shares excluded from per share data because they were antidilutive (a) approximately 28.4 million shares of Tuscan common stock underlying the warrants sold in the Tuscan IPO and private placement, (b) approximately 32.1 million Microvast shares for unvested, and/or unexercised non-vested shares and stock options, (c) 20.0 million Earn-Out Shares issuable under the contingent consideration earnout section of the Merger Agreement and (d) 1.68 million Sponsor shares that may be subject to cancellation if certain stock price is not met.

(4) There is no Unaudited Pro Forma Condensed Combined Balance Sheet required for December 31, 2020, so no pro forma book value per share for December 31, 2020 is presented.