Post Hearing Information Pack of

Shenzhen Creality 3D Technology Co., Ltd.
深圳市創想三維科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Shenzhen Creality 3D Technology Co., Ltd.
深圳市創想三維科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.00] per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

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[**REDACTED**]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[**REDACTED**]

CONTENTS

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Page

CONTENTS

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

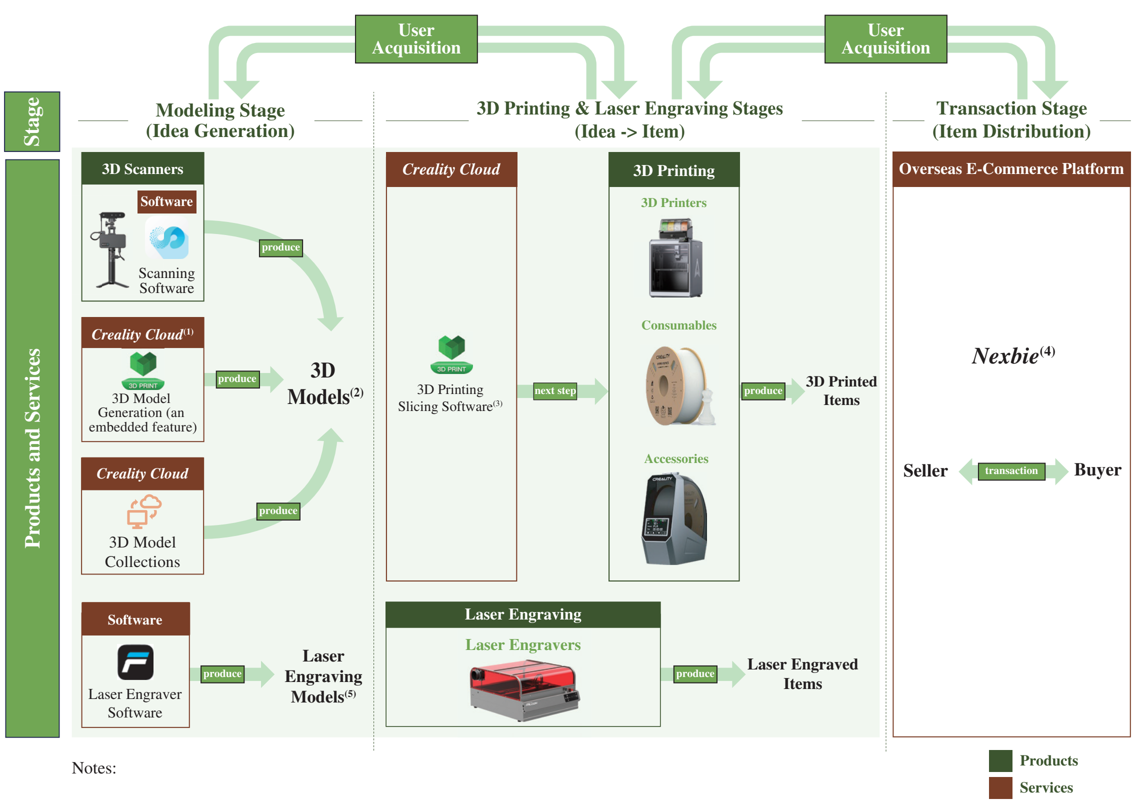
Who We Are

We are a global consumer 3D printing product and service provider. Our products and services primarily include: 3D printers, 3D printing consumables, 3D scanners, laser engravers, accessories and others, and various services available on our *Creality Cloud*, a platform focused on 3D printing content. Additionally, we launched *Nexbie* in August 2025, an overseas e-commerce platform dedicated to 3D creative items.

Our full-scenario 3D printing product and service matrix empowers each other. During the creative process, customer often combine 3D printing with 3D scanning and laser engraving to unlock more comprehensive solutions. Through one-stop purchases and continuous traffic acquisition among our products and services, we aim to drive customers' repeated purchases of our products and enhance customer stickiness within our offerings. In addition, our customers will be directed to our platforms, *Creality Cloud* and *Nexbie*, after purchasing our products, which further encourage user participation and facilitate product discovery.

Our Business Model

The following diagram shows the 3D creative stages, our corresponding products and services, and the participants:



Notes:

(1) Our *Creality Cloud* platform utilizes AI technology to generate 3D models.
(2) Users can also use third-party modeling software to generate 3D models.
(3) Our proprietary 3D printing slicing software can be downloaded from our *Creality Cloud* platform or accessed directly via cloud functionality of the platform.
(4) We recently launched *Nexbie* in August 2025, and it is still in the early stages of development. As of the Latest Practicable Date, the 3D printed items and laser engraved items on *Nexbie* were all sold by us. The functionalities and value of this platform are evolving and expanding.
(5) Users can also utilize third-party generative AI or model collections to generate or access laser engraving models.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will continue to drive our future growth:

- A global consumer 3D printing product and service provider;
- We have established a comprehensive technology system built upon user-centric innovation;
- Our product portfolio covering all scenarios in the 3D creative industry and widely endorsed by users;
- We have established a global sales network with extensive customer reach;
- We possess strong supply chain and manufacturing capabilities to deliver high-quality products to customers worldwide; and
- Our management team possesses industry expertise, technological insights and business execution capabilities.

OUR GROWTH STRATEGIES

We will pursue the following strategies to drive further growth:

- Continuously increasing R&D investment, focusing on strengthening technological barriers and enhancing R&D efficiency;
- Continuously enriching our product portfolio, actively optimizing our product mix and building an overseas e-commerce platform;
- Expanding our global footprint and advancing localized operations;
- Continuously attracting and cultivating world-class talents; and
- Driving technological advancement through investments and mergers and acquisitions.

OUR REVENUE MODEL

The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
3D Printers	1,403,796	74.6	1,416,124	61.9	1,784,952	57.1
3D Printing Consumables	136,203	7.2	261,534	11.4	418,408	13.4
3D Scanners	41,530	2.2	207,585	9.1	365,701	11.7
Laser Engravers	111,232	5.9	163,423	7.1	225,434	7.2
Accessories and Others[(1)]	188,341	10.0	236,330	10.3	326,261	10.4
3D Printed Products and Services[(2)]	1,760	0.1	3,332	0.2	6,284	0.2
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Notes:

(1) Others mainly included our scrap materials such as production scrap, scrapped semi-finished and finished products, and scrapped packaging materials during the Track Record Period.

(2) Included (a) membership subscription fees from *Creality Cloud*, (b) proceeds and commissions from 3D model transactions through *Creality Cloud* and (c) sales proceeds of 3D printed products.

OUR SALES NETWORK

Our sales model combines direct sales and distribution. Through direct sales, we connect directly with individual users and enterprise users. On the other hand, we partner with distributors who resell our products to users. As of December 31, 2025, we have established a sales network that spans around 140 countries and regions worldwide. Such network comprises our 81 online stores, 2,422 domestic and international distributors, as well as sales team.

During the Track Record Period, we sold our products through online sales channel and offline sales channel. During the Track Record Period, substantially all of our revenue from our online sales channel were from our direct sales; and substantially all of our revenue from our offline sales channel were from our sales to distributors. The table below sets forth our revenue breakdown by sales channel for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Online sales	671,456	35.7	936,553	40.9	1,517,870	48.5
Offline sales	1,211,406	64.3	1,351,775	59.1	1,609,170	51.5
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of individual users, distributors and enterprises users. For the years ended December 31, 2023, 2024 and 2025, our five largest customers together generated RMB374.4 million, RMB351.6 million and RMB345.2 million of revenues, respectively, accounting for 19.9%, 15.4% and 11.0% of our total revenue, respectively. In addition, revenues generated from our largest customer accounted for 5.7%, 5.8% and 4.0% of our total revenues for the years ended December 31, 2023, 2024 and 2025, respectively. See "Business — Our Customers" for more details.

During the Track Record Period, we mainly: (i) procured raw materials from raw material suppliers; (ii) procured certain 3D printing consumables and equipment from third-party manufacturers; and (iii) outsourced certain services, including warehousing services and logistics services from third-party suppliers. In each year during the Track Record Period, our purchases from our five largest suppliers accounted for less than 30% of our total purchases of the respective year. See "Business — Our Suppliers" for more details.

COMPETITION

The industry is characterized by a relatively high degree of market concentration, especially in 3D printing and laser engraving, where the largest player accounts for over 40% of market share, while the remaining top 5 players each hold market shares of around 10%. In addition, competition among the second-tier participants has intensified, with market shares evolving and certain emerging players gaining share. The industry where we operate is characterized by the presence of dominant players and the emergence of new market entrants. Such competition may limit our ability to respond effectively to market developments and customer demands, and may result in pricing pressure, erosion of our pricing power and contraction of our profit margins. In the meantime, rapid technological changes may shorten product life cycles, requiring increased R&D efforts and leading to higher costs and inventory obsolescence risks. To maintain competitiveness, we may need to increase spending on marketing, branding and channel development, adopt more flexible commercial terms and increase capital investments, which may adversely affect our cash flow and financial performance. See "Industry Overview" and "Risk Factors — The industry in which we operate is highly competitive" for more details.

SUMMARY OF CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

Key Items of Consolidated Income Statements and Statements of Other Comprehensive Income

The following table sets forth a summary of our consolidated income statements and statements of other comprehensive income for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Revenue	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**
Cost of sales	(1,283,333)	(68.2)	(1,580,527)	(69.1)	(2,152,150)	(68.8)
Gross profit	**599,529**	**31.8**	**707,801**	**30.9**	**974,890**	**31.2**
Selling and marketing expenses	(301,555)	(16.0)	(383,007)	(16.7)	(570,062)	(18.2)
General and administrative expenses	(82,547)	(4.4)	(105,738)	(4.6)	(170,103)	(5.4)
Research and development expenses	(96,271)	(5.1)	(148,706)	(6.5)	(221,875)	(7.1)
Net impairment reversal/(losses) on financial assets	292	0.0	(1,253)	(0.1)	(3,176)	(0.1)
Other income	52,174	2.8	24,383	1.1	31,122	1.0
Other gains/(losses), net	5,875	0.3	5,477	0.2	(238,781)	(7.6)
Operating profit/(loss)	**177,497**	**9.4**	**98,957**	**4.3**	**(197,985)**	**(6.3)**
Finance income	6,635	0.4	5,445	0.2	5,895	0.2
Finance costs	(49,273)	(2.6)	(15,172)	(0.6)	(14,147)	(0.5)
Finance costs, net	**(42,638)**	**(2.2)**	**(9,727)**	**(0.4)**	**(8,252)**	**(0.3)**
Profit/(loss) before income tax	**134,859**	**7.2**	**89,230**	**3.9**	**(206,237)**	**(6.6)**
Income tax (expenses)/credits	(6,353)	(0.4)	(570)	(0.0)	23,816	0.8
Profit/(loss) for the year	**128,506**	**6.8**	**88,660**	**3.9**	**(182,421)**	**(5.8)**
Attributable to:						
Owners of the Company	129,057	6.8	88,757	3.9	(182,561)	(5.8)
Non-controlling interests	(551)	(0.0)	(97)	(0.0)	140	0.0

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss presented in accordance with IFRS, we also use adjusted net profit (Non-IFRS measure), which are not required by, or presented in accordance with IFRS and such presentation facilitates a comparison of our operating performance by eliminating the impact of certain expenses to allow investors to consider metrics used by our management. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net profit/(loss) for the year to our adjusted net profit (Non-IFRS measure) for the year indicated:

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Reconciliation of net profit/(loss) to adjusted net profit (Non-IFRS measure)			
Profit/(loss) for the year	128,506	88,660	(182,421)
Add: Share-based compensation expenses	1,628	8,329	15,417
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]
Issuance of shares and dividends to Pre-[**REDACTED**] Investors[1]	–	–	240,307
Adjusted net profit (Non-IFRS measure)	130,134	97,199	92,385

Note:

(1) The redemption rights, liquidation preference and anti-dilution right in relation to our Company were terminated on December 29, 2023. On July 25, 2025, our Company, our Controlling Shareholders and the Series A Investors entered into a Shareholders' agreement (the "**third Shareholders' agreement**"), pursuant to which the Series A Investors agree to replace the redemption terms to "the Series A Investors have the right to require redemption from the Controlling Shareholders if our Company failed to submit a qualified [**REDACTED**] application before December 31, 2025 or complete the qualified [**REDACTED**] before June 30, 2026". As a result, our Company agreed to (i) distribute a total of RMB81,357,000 cash dividend ("**Cash Dividend**"); and (ii) issue 29,546,551 shares ("**Capitalization Issue**"), representing approximately 7.51% of the total issued and enlarged share capital, to the Series A Investors only on a pro rata basis. The distribution of cash dividend was paid in July 2025. The consideration for the Capitalization Issue was settled through capital reserve on July 25, 2025.

The substance of this arrangement is that we compensated the Series A Investors on behalf of the Controlling Shareholders. According to the relevant requirements under IFRS 2 share-based payments, the cash dividend of RMB81,357,000 and the fair value of RMB158,950,000 for 29,546,551 issued shares was charged to the consolidated income statements.

Our adjusted net profit (Non-IFRS measure) decreased from RMB130.1 million in 2023 to RMB97.2 million in 2024, primarily due to (i) the increase in selling and marketing expenses, mainly attributable our increased promotion fees paid to third-party e-commerce platforms, social media and search engines, as well as increased key opinion leader cooperation fees, and (ii) the increase in research and development expenses, mainly attributable to the higher staff cost following the increases in the number of our R&D personnel and their salaries and bonuses. Our adjusted net profit (Non-IFRS measure) further decreased to RMB92.4 million in 2025, primarily due to the issuance of shares and dividends to Pre-[**REDACTED**] Investors of RMB240.3 million in 2025.

Net Loss in 2025

We recorded a net loss of RMB182.4 million in 2025, compared to a net profit of RMB88.7 million in 2024, primarily due to (i) the recognition of issuance of shares and dividends to Pre-[**REDACTED**] Investors of RMB240.3 million in the net other losses/gains in 2025, (ii) [**REDACTED**] of RMB[**REDACTED**] million incurred in 2025, and (iii) an increase in share-based compensation expenses from RMB8.3 million in 2024 to RMB15.4 million in 2025. In addition, our net loss in 2025 was further affected by the continued expansion of our business, which led to (i) a significant increase in sales and marketing expenses of RMB187.1 million, in particular marketing and advertising expenses paid to third-party e-commerce platforms, social media and search engines, and key opinion leader collaborations, to support our continuous brand promotion and marketing campaigns, including those for our 3D scanner and laser engravers and the buildout of our Piocreate 3D printer series, as well as the transition to in-house KOL operations, and (ii) an increase in R&D expenses of RMB73.2 million in connection with our increased R&D staff and related salaries. Specifically, we focused on the development of our 3D printers, including engineering of core modules, iterative development of our selfdeveloped operating system with cost optimization, and advancement of key technologies such as multi-colour and high-speed printing. We also expanded our R&D team for laser engravers by recruiting experienced professionals with advanced academic backgrounds, and strengthening our fundamental research capabilities in areas such as optics, motion control, AI and sensor integration.

We expect to improve our performance in 2026 through the planned commercialization of a number of R&D projects that we have already developed in response to market demand, as well as through the continuous expansion of our sales channels and enhancement of our internal operational efficiency. In particular, we expect a relatively large number of new products to be launched from the second half of 2026 onwards, which we believe will support further revenue growth and an improvement in gross margin. For example, we plan to launch (i) a multi-nozzle multi-color smart 3D printer designed to provide integrated multi- color and multi-material one-step printing solutions, (ii) a desktop full-color UV 3D printer featuring enhanced color reproduction and finer printing capabilities, and (iii) an intelligent multi-material laser engraver integrating AI and multi-joint technologies and incorporating additional light sources to enable creative processing across a broader range of materials in 2026. We have observed steady revenue growth momentum in the first quarter of 2026 as compared to the same period in 2025, with a 41.5% increase in total sales volume of our hardware products (including 3D printers, 3D printing consumables, 3D scanners and laser engravers) from the three months ended March 31, 2025 to the same period in 2026. In addition, we will continue to optimize our product mix and enhance our marketing efficiency, with a view to increasing the proportion of higher-margin products and improving our operating cash flow.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Total non-current assets	839,845	951,868	1,032,385
Total current assets	1,105,279	1,302,781	1,570,039
Total assets	**1,945,124**	**2,254,649**	**2,602,424**
Total non-current liabilities	193,164	251,962	302,546
Total current liabilities	764,337	918,163	1,223,283
Total liabilities	**957,501**	**1,170,125**	**1,525,829**
Net current assets	**340,942**	**384,618**	**346,756**
Net assets	**987,623**	**1,084,524**	**1,076,595**
Equity attributable to owners of the Company	987,623	1,084,621	1,076,552
Non-controlling interests	–	(97)	43
Total equity	987,623	1,084,524	1,076,595

Our net assets increased from RMB987.6 million as of December 31, 2023 to RMB1,084.5 million as of December 31, 2024, primarily attributable to our increased profit for the year. Our net assets remained relatively stable at RMB1,084.5 million as of December 31, 2024 and RMB1,076.6 million as of December 31, 2025.

Our net current assets decreased from RMB384.6 million as of December 31, 2024 to RMB346.8 million as of December 31, 2025, primarily due to (i) a decrease in cash and cash equivalents of RMB186.2 million, and (ii) an increase in trade and notes payables of RMB175.7 million, mainly attributable to the increased purchases from our suppliers driven by our increased sales. Our net current assets increased from RMB340.9 million as of December 31, 2023 to RMB384.6 million as of December 31, 2024, primarily due to an increase in cash and cash equivalents from RMB301.5 million as of December 31, 2023 to RMB463.5 million as of December 31, 2024, partially offset by an increase in trade and notes payables from RMB491.8 million as of December 31, 2023 to RMB573.8 million as of December 31, 2024, primarily in line with our business expansion.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our consolidated cash flows for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	161,123	172,911	(63,977)
Net cash used in investing activities	(124,859)	(63,056)	(124,388)
Net cash (used in)/generated from financing activities	(50,915)	46,846	(1,540)
Net (decrease)/increase in cash and cash equivalents	**(14,651)**	**156,701**	**(189,905)**
Cash and cash equivalents at the beginning of the year	314,791	301,532	463,486
Effect of exchange rate changes on cash and cash equivalent	1,392	5,253	3,729
Cash and cash equivalents at the end of the year	**301,532**	**463,486**	**277,310**

In 2025, we had net cash used in operating activities of RMB64.0 million. We had operating cash inflow before changes in working capital, primarily consisting of loss before tax of RMB206.2 million, adjusted for certain non-cash or non-operating items, primarily including issuance of shares and dividends to Pre-[**REDACTED**] Investors of RMB240.3 million. Changes in working capital resulted in a net cash outflow, primarily consisting of (i) an increase in inventories of RMB236.8 million, and (ii) an increase in trade receivables of RMB116.1 million. Due to the expansion of our overseas online stores, we have raised inventory levels in international warehouses. Transitioning from previous deliveries from China, we are now gradually shifting to delivery from overseas warehouses or direct home delivery to overseas customers. This change has lengthened the transportation cycle, leading to an increase in inventory turnover days and tied-up capital, which contributed to net operating cash outflows in 2025. See "Financial Information — Liquidity and Capital Resources — Cash Flows Analysis" for more details.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of the dates or for the periods indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin	31.8	30.9	31.2
Current ratio(1)	1.4	1.4	1.3
Gearing ratio(2)	1.0	1.1	1.4

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Gearing ratio is calculated based on total liabilities divided by total equity.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to conducting business in jurisdictions where we operate, and (iii) risks related to the [**REDACTED**]. These risks include, among others, the following: (i) if we are unable to meet evolving market demand, our business, financial condition, results of operations would be materially and adversely affected; (ii) failure to retain our existing customers or attract new customers could materially and adversely impact our business, financial condition and results of operations; (iii) the industry in which we operate is highly competitive; (iv) if we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected; and (v) new scientific and technological advancement could make our products and services uncompetitive and obsolete, and our investment in R&D activities may not generate the results we expect.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, by virtue of the Acting-in-Concert Arrangement, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, together with the entities controlled by themselves respectively, namely, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng, will together be interested in and control [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued Shares and voting rights in our Company. Therefore, Mr. Chen, Mr. Ao, Mr. Liu, Mr. Tang, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng will constitute a group of Controlling Shareholders upon the [**REDACTED**]. See "Relationship with our Controlling Shareholders" for more details.

PRE-[REDACTED] INVESTORS

We received equity financing from our Pre-[**REDACTED**] Investors to support our expanding business operations. Our diverse base of Pre-[**REDACTED**] Investors consists of, among others, Qianhai FOF, SCGC Capital, Tencent VC and Pingshan Kaisheng, which hold approximately, 5.8%, 4.4%, 2.2% and 1.4%, respectively, of our total issued and outstanding shares, as of the Latest Practicable Date. As of the Latest Practicable Date, all of the proceeds from Pre-[**REDACTED**] Investment had been utilized. See "History and Corporate Structure — Pre-[**REDACTED**] Investment — Information on the Pre-[**REDACTED**] Investors" for more details.

[**REDACTED**]

DIVIDENDS

In 2021, our Company declared cash dividends of RMB195.0 million. In 2021, 2022 and 2023, our Company paid cash dividends of RMB88.0 million, RMB36.0 million and RMB71.0 million, respectively, to our Shareholders, which fully settled the dividends we declared to distribute in 2021. Pursuant to the shareholders' meeting resolution dated May 23, 2025, we issued (i) a total of approximately RMB81,357,000 as cash dividend ("**Cash Dividend**"); and (ii) 29,546,551 shares, representing approximately 7.51% of our total issued and enlarged share capital, to the Series A Investors only ("**Capitalization Issue**"), on a pro rata basis. The consideration for the Capitalization Issue was settled through our capital reserve. We fully settled the distribution of Cash Dividend on July 31, 2025, and the Capitalization Issue was completed on July 25, 2025. Upon the completion of such capitalization, our registered capital increased from RMB363,866,000 to RMB393,412,551.

However, we do not have any fixed dividend policy nor pre-determined dividend payout ratio. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be proposed at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisor, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

FUTURE PLANS AND USE OF [REDACTED]

Assuming that the [**REDACTED**] are not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] stated in this Document), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million) from the [**REDACTED**], after deducting [**REDACTED**] and estimated [**REDACTED**] payable by us in connection with the [**REDACTED**].

In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for our investment in R&D to strengthen our technology capabilities, support long-term innovation and maintain our competitiveness in the global consumer 3D printing industry;
- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used in our overseas user operations, specifically, to build and operate our *Creality Cloud* and *Nexbie*;
- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for global brand promotion and sales channel development;
- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to pursue strategic partnerships, investments or acquisitions which are complementary to our business and in line with our strategies; and
- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountant for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**] million, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**] million, professional fees for our legal advisors and Reporting Accountant of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million. An estimated amount of HK$[**REDACTED**] million for our [**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We did not recognize any [**REDACTED**] in 2023. We recognized [**REDACTED**] of RMB[**REDACTED**] thousand and RMB[**REDACTED**] million in 2024 and 2025, respectively, in our consolidated income statements and other comprehensive income.

APPLICATION FOR [REDACTED] OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (a) our expected market capitalization of approximately HK$[**REDACTED**] million upon the [**REDACTED**] (based on (i) [**REDACTED**] H Shares expected to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and an

[**REDACTED**] of HK$[**REDACTED**] per H Share), which is more than HK$4,000,000,000 at the time of [**REDACTED**]; and (b) our revenue for the year ended December 31, 2025 of approximately RMB[3,127.04] million (equivalent to approximately HK$[3,533.51] million), which is more than HK$500,000,000 for the most recent audited financial year.

RECENT DEVELOPMENTS REGARDING U.S. TARIFFS

During the Track Record Period, our revenue generated from the sales to the United States amounted to RMB492.7 million, RMB524.8 million and RMB887.6 million, respectively, in 2023, 2024 and 2025, accounting for 26.2%, 22.9% and 28.4% of the total revenue for the same periods. In early 2025, the U.S. government initiated a series of escalating tariff policies primarily targeting China. Our business in the U.S. continued to grow despite the impact of changes in U.S. tariff policy that occurred in 2025 as a result of our countermeasures and certain characteristics of our industry.

Applicable U.S. Tariff Rates

As of the Latest Practicable Date, the tariffs pursuant to the Harmonized Tariff Schedule of the U.S. and Section 301 of the Trade Act of 1974 and the reciprocal tariffs remained in force on imports from Chinese Mainland. See "Business — Recent Developments Regarding U.S. Tariffs" for details. The table below set forth the applicable tariff rates as of the dates indicated by business line.

	Applicable tariff rates as of January 31, 2025	Applicable tariff as of December 31, 2025	Applicable tariff rates as of the Latest Practicable Date
3D Printers	28.1%	48.1%	38.1%
3D Printing Consumables	30.8%	50.8%	40.8%
3D Scanners	25.0%	45.0%	35.0%
Laser engravers	27.4%	47.4%	37.4%
Main accessories	25.0%	45.0%	35.0%

There continue to be significant uncertainties around changes to U.S. trade policies. See "Risk Factors — Risks Relating to Our Business and Industry — Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations" for more details.

Our Countermeasures

To address the impact of the additional U.S. tariffs, we have taken the following measures to enhance our sales in the U.S., consistent with the industry practice, as confirmed by CIC:

– ***Price Adjustments*** — We passed on the impacts of the tariff increases to customers through adjustments on the recommended retail prices. Our price adjustments varied by sales channel and product line, taking into account factors such as anticipated market acceptance, competitors' marketing tactics and customer willingness to absorb the changes.

– ***Inventory Level Adjustments*** **—** We have been monitoring the tariff since February 1, 2025, adjusting inventory levels in our U.S. warehouses and monitoring those held by our distributors in the U.S. to maintain a flexible supply chain. We continued these strategies and coordinated inventories among sales channels partners to maintain sales supply until July 8, 2025. From July 9, 2025 to November 10, 2025, we increased our inventory levels in our U.S. warehouses and strengthened our logistics capabilities.

– ***Diversifying Production Source*** — We have been exploring cooperation with manufacturing facilities in countries and regions with relatively lower U.S. tariffs, such as Vietnam, to diversify our production sources.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountant's Report set out in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary of Technical Terms."

"**Acting-in-Concert Arrangement**"	the arrangement under an acting-in-concert agreement dated January 8, 2024 entered into among Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang acknowledging and confirming that, among other things, they are parties acting in concert since the time when each of them held interests in our Company (i.e., January 2015), and will continue to act in concert, to vote at the general meetings of our Company and meetings of our Board, details of which are set out in the section headed "History, Development and Corporate Structure — Acting-in-Concert Arrangement"
"**Accountant's Report**"	the accountant's report of our Company for the Track Record Period, as included in Appendix I to this document
"**AFRC**"	Accounting and Financial Reporting Council of Hong Kong
"**Articles of Association**" or "**Articles**"	the articles of association of our Company, conditionally adopted on [●] with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix VI to this document
"**Audit Committee**"	the audit committee of our Board
"**BIS**"	U.S. Department of Commerce, Bureau of Industry and Security
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"**China**" or "**PRC**"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"**CIC**"	China Insights Consultancy, our industry consultant
"**CIC Report**"	the industry report commissioned by us and independently prepared by CIC, a summary of which is set forth in "Industry Overview"
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
"**Company**," "**our Company**," "**we**," "**our**" or "**us**"	Shenzhen Creality 3D Technology Co., Ltd. (深圳市創想三維科技股份有限公司) (formerly known as Shenzhen Creality 3D Technology Co., Ltd. (深圳市創想三維科技有限公司) and Shenzhen Bolingda Technology Co., Ltd. (深圳市博領達科技有限公司)), a company established under the laws of the PRC with limited liability on April 3, 2014 and converted into a joint stock company with limited liability on June 17, 2021
"**Comprehensively Sanctioned Countries**"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions and Zaporizhzhia and Kherson regions
''**connected person(s)**''	has the meaning ascribed thereto under the Listing Rules

"**Controlling Shareholder(s)**"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the persons named in "Relationship with Our Controlling Shareholders" in this document
"**Conversion of Domestic [REDACTED] Shares into H Shares**"	the conversion of [**REDACTED**] Domestic [**REDACTED**] Shares in aggregate held by our existing Shareholders into H Shares upon the completion of the [**REDACTED**]. Such conversion of Domestic [**REDACTED**] Shares into H Shares has been filed with the CSRC on August 15, 2025 and an application for H Shares to be [**REDACTED**] on the Stock Exchange [has been] made
"**Countries subject to International Sanctions**"	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction
"**Creality 3D LLP**"	Shenzhen Creality 3D Enterprise (Limited Partnership) (深圳市創想三維企業(有限合夥)), a limited partnership established under the laws of the PRC on May 21, 2019 and our employee shareholding platform
"**Creality Changsheng**"	Shenzhen Creality Changsheng Technology Enterprise (Limited Partnership) (深圳市創想長盛科技企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, our employee shareholding platform and one of our Controlling Shareholders
"**Creality Chuangtou**"	Shenzhen Creality Chuangtou Shiye Co., Ltd. (深圳市創想創投實業有限公司), a limited liability company established under the laws of the PRC on January 16, 2018, and a shareholding platform owned by Mr. Tang and his spouse, as to 99% and 1%, respectively, and one of our Controlling Shareholders

"**Creality Chuangwei**"	Shenzhen Creality Chuangwei Technology Co., Ltd. (深圳市創想創為科技有限公司), a limited liability company established under the laws of the PRC on December 26, 2018, and a shareholding platform owned by Mr. Chen and his spouse, as to 99% and 1%, respectively, and one of our Controlling Shareholders
"**Creality Eco**"	Shenzhen Creality Eco Innovation Technology Co., Ltd. (深圳市創想生態創新科技有限公司) (former name: Shenzhen Creality Intelligent Manufacturing Technology Co., Ltd. (深圳市創想智能智造科技有限公司)), a limited liability company established under the laws of the PRC on November 22, 2017, our direct wholly-owned subsidiary and one of our Major Subsidiaries
"**Creality Germany**"	Creality 3D Technology (Europe) GmbH, a limited company incorporated under the laws of Germany on February 22, 2022, our indirect wholly-owned subsidiary and one of our Major Subsidiaries
"**Creality HK**"	Creality 3D (HK) Technology Limited (香港創想三維科技有限公司), a limited company incorporated under the laws of Hong Kong on July 4, 2019, our direct wholly-owned subsidiary and one of our Major Subsidiaries
"**Creality Huida**"	Shenzhen Creality Huida Technology Enterprise (Limited Partnership) (深圳市創想輝達科技企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, our employee shareholding platform and one of our Controlling Shareholders
"**Creality Industrial**"	Shenzhen Creality Industrial Development Co., Ltd. (深圳市創想實業發展有限公司), a limited liability company established under the laws of the PRC on May 16, 2019, and a shareholding platform owned by Mr. Liu and his spouse, as to 99% and 1%, respectively, and one of our Controlling Shareholders
"**Creality U.S.**"	Creality 3D Technology LLC (創想三維科技有限公司), a limited liability company incorporated under the California Corporations Code on November 30, 2021, our indirect wholly-owned subsidiary and one of our Major Subsidiaries

"**Creality Yunding**"	Shenzhen Creality Yunding Technology Enterprise (Limited Partnership) (深圳市創想雲頂科技企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, our employee shareholding platform
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets

[**REDACTED**]

"[**REDACTED**]"	the [**REDACTED**] and the [**REDACTED**]
"**Group**," "**our Group**," "**we**," "**our**" or "**us**"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**Director(s)**"	the director(s) of our Company
"**Domestic** [**REDACTED**] **Share(s)**" or "[**REDACTED**] **Share(s)**"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and not [**REDACTED**] or [**REDACTED**] on any stock exchange
"**EAR**"	United States Export Administration Regulations, 15 C.F.R. Parts 730-774
"**EIT**"	enterprise income tax
"**EIT Law**"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

"**Equity Incentive Plan**" Our share incentive plan approved by our Shareholders on December 15, 2020 and amended on June 26, 2023 and June 30, 2025, respectively, the principal terms of which are set out in "Statutory and General Information D. Equity Incentive Plan" in Appendix VII to this document

"**ESOP Platforms**" Creality 3D LLP, Creality Changesheng, Creality Huida and Creality Yunding

"**Extreme Conditions**" extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"**Founders**" Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, each of whom is referred as a co-founder

"**H Share(s)**" overseas [**REDACTED**] foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"**H Shareholder(s)**" holder(s) of our H Share(s)

[**REDACTED**]

[**REDACTED**]

"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"**Hubei Creality**"	Hubei Creality 3D Technology Co., Limited (湖北創想三維科技有限公司), a limited liability company established under the laws of the PRC on July 28, 2020, our direct wholly-owned subsidiary and one of our Major Subsidiaries
"**Huizhou Creality**"	Huizhou Creality 3D Technology Co., Ltd. (惠州市創想三維科技有限公司), a limited liability company established under the laws of the PRC on December 1, 2020, our direct wholly-owned subsidiary and one of our Major Subsidiaries
"**IFRS**"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[**REDACTED**]

"**International Sanctions**"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the United Kingdom, UN or Government of Australia
"**International Sanctions Legal Advisor**"	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the [**REDACTED**]

[**REDACTED**]

[**REDACTED**]

"**Latest Practicable Date**"	[March 1, 2026], being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"**Listing Committee**"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**Longge'er Investment**"	Shenzhen Longge'er Investment Technology Co., Ltd. (深圳市龍格爾投資科技有限公司), a limited liability company established under the laws of the PRC on July 21, 2020, a shareholding platform owned by Mr. Ao and his spouse, as to 99% and 1%, respectively, and one of our Controlling Shareholders
"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"**Major Subsidiaries**"	the major subsidiaries of our Company listed in "History, Development and Corporate Structure — Our Major Subsidiaries"
"**Mr. Ao**"	Mr. AO Danjun (敖丹軍), our co-founder, executive Director, vice chairman of the Board and one of our Controlling Shareholders
"**Mr. Chen**"	Mr. CHEN Chun (陳春), our co-founder, executive Director, chairman of the Board, general manager and one of our Controlling Shareholders
"**Mr. Liu**"	Mr. LIU Huilin (劉輝林), our co-founder, executive Director, vice chairman of the Board and one of our Controlling Shareholders

"**Mr. Tang**"	Mr. TANG Jingke (唐京科), our co-founder, executive Director, vice chairman of the Board, vice general manager and one of our Controlling Shareholders
"**Nomination Committee**"	the nomination committee of our Board
"**OFAC**"	the U.S. Department of Treasury's Office of Foreign Assets Control

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"**Piocreat 3D Shenzhen**"	Shenzhen Piocreat 3D Technology Co., Ltd. (深圳市創想三帝科技有限公司), a limited liability company established under the laws of the PRC on November 11, 2015, our direct wholly-owned subsidiary and one of our Major Subsidiaries
"**Piocreat 3D U.S.**"	Piocreat 3D Technology Inc., a limited liability company incorporated under the laws of Delaware, U.S., on April 7, 2025, our indirect wholly-owned subsidiary
"**PRC Company Law**"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"**PRC Legal Advisor**"	King & Wood, our legal advisor as to PRC laws
"**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"**QIB**"	a qualified institutional buyer within the meaning of Rule 144A
"**Regulation S**"	Regulation S under the U.S. Securities Act

"**Relevant Jurisdiction**"	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this Document, Relevant Jurisdictions include the U.S., EU, UK, UN and Australia
"**Relevant Persons**"	means the Company, together with its [**REDACTED**] and shareholders and persons who might directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**] clearing and settlement of its shares including the Stock Exchange and related group companies
"**Relevant Regions**"	Belarus, Hong Kong, Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia), Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia), and Turkey
"**Remuneration and Appraisal Committee**"	the remuneration and appraisal committee of our Board
"**Renminbi**" or "**RMB**"	Renminbi, the lawful currency of China
"**Rule 144A**"	Rule 144A under the U.S. Securities Act
"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"**Sanctioned Person**"	certain person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia

"**Sanctioned Target**"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Countries; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"**SASAC**"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"**SAT**"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"**Secondary Sanctionable Activity**"	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus sutra that Relevant Jurisdiction
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Share(s)**"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising H Shares
"**Shareholder(s)**"	holder(s) of our Share(s)
"**Sole Sponsor**"	the sole sponsor as named in "Directors and Parties Involved in the [**REDACTED**]" in this document

[**REDACTED**]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**" or "**Hong Kong Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Takeovers Code**"	the Code on Takeovers and Mergers issued by the SFC
"**Track Record Period**"	the years ended December 31, 2023, 2024 and 2025
"**Treasury Share(s)**"	the Share(s) our Company repurchased and holds in treasury; unless otherwise specified, Treasure Shares are excluded when calculating the percentage of shareholding or voting power of our Company in this document

[**REDACTED**]

"**United States**" or "**U.S.**"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**U.S. dollars**" or "**US$**"	United States dollars, the lawful currency of the United States
"**U.S. Securities Act**"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
"**VAT**"	value-added tax
"**%**"	percent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "controlling shareholder(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"3D model(s)"	virtual representations of physical objects containing necessary geometric information required to produce the object using a 3D printer
"3D printing farm"	a production model that operates multiple 3D printers in parallel at a centralized location to achieve large-scale or continuous manufacturing
"ABS"	acrylonitrile butadiene styrene, a common thermoplastic polymer whose properties include impact resistance and toughness
"ASA"	acrylonitrile styrene acrylate, a UV-resistant thermoplastic suitable for outdoor 3D printed applications
"auto bed leveling"	a feature that enables a 3D printer to use sensors to measure the nozzle-to-bed distance at multiple points to ensure that the build platform is parallel to the print head's movement
"CIF"	cost, insurance and freight, meaning the seller covers these expenses to bring the goods to the port of destination, with the risk transferring to the buyer once the goods are loaded on board
"cps"	centipoise
"dB"	decibel
"distributed manufacturing"	a collaborative network of geographically dispersed 3D printing facilities that work together to produce and deliver customized products
"DLP"	digital lighting processing, a set of chipsets based on optical micro-electro-mechanical technology that uses a digital micromirror device in display applications

"Elongation at Break"	the percentage increase in length that a material undergoes before it breaks under tensile stress
"FFF"	fused filament fabrication, also known as fused deposition modelling, a processing method that melts thermoplastic materials and deposits them to achieve additive manufacturing
"FFF printer(s)"	a type of printer which utilize FFF technology
"field of view"	the maximum area that the camera of 3D scanners can capture in a single shot or scan
"filament"	a raw thermoplastic material used by the FFF printer to form each layer of a printed item
"Flexural Strength"	the maximum stress a material can withstand before breaking when subjected to bending
"fps"	frames per second
"FOB"	Free on Board, meaning the seller delivers the goods on board the vessel at the port of shipment, with the buyer bearing all costs and risks thereafter
"Impact Strength"	the ability of a material to absorb energy and resist fracture under sudden impact or shock loading
"J/m"	joules per meter
"laser"	light amplification by stimulated emission of radiation to selectively fuse or cure printing materials
"LCD"	liquid crystal display, a type of mask-based stereolithography technology
"LED"	light emitting diode, a low-power, long-lasting light source
"MPa"	megapascal
"NIR"	near-infrared light, a type of light in the near-infrared spectrum that is invisible to the human eye and can be applied in human body-related scanning scenarios

"PA"	polyamide, also known as nylon, a strong, flexible, and wear-resistant material
"PC"	polycarbonate, a tough, impact-resistant thermoplastic with high heat resistance
"PPA"	polyphthalamide, a semi-aromatic nylon with superior thermal and mechanical properties
"PTC"	positive temperature coefficient, a type of heating element that increases its electrical resistance as temperature rises
"PLA"	polylactic acid, a bio-based biodegradable polyester derived from renewable biomass
"prototype verification"	a process to examine or test the 3D-printed prototype to analyze, design, and evaluate an entire product or its components and ensure conformity with the design specifications and intended functions
"px"	pixel
"resin(s)"	a solid or highly viscous substance which could be converted into a polymer when exposed to UV light
"resin 3D printer(s)"	a type of 3D printer which uses liquid resins to craft objects
"RFID"	radio-frequency identification, a technology which uses radio waves to automatically identify and track tags attached to objects
"Scanning Size"	the maximum object dimensions that 3D scanners can cover or accommodate in an entire scanning task
"servo motor(s)"	rotary actuators or linear actuators with feedback sensor which allow for precise control of angular or linear position, velocity and acceleration
"SLA"	stereolithography, a technology that focuses a UV light onto the surface of a resin, causing it to cure and form a 3D object layer

"slicing"	the process of breaking down a 3D model into a series of two-dimensional (2D) images to generate the layer-by-layer printing path for a 3D printer
"sq.m."	square meter
"toolpath(s)"	a predefined path that guides the movement of a 3D printer's nozzle or laser during the printing process, and determines how printing material is applied or solidified layer by layer
"Tensile Strength (X-Y)"	the maximum stress a printed material can withstand when stretched along the X-Y plane (horizontal direction of the printed layers) before breaking
"TPU"	thermoplastic polyurethane, a flexible and elastic material used in 3D printing
"UV"	ultraviolet light, an electromagnetic radiation with a wavelength shorter than that of visible light, typically ranging from 10 nm to 400 nm
"UV printing technology"	a printing method that uses inkjet nozzles to deposit UV-curable inks onto a substrate, which are then instantly cured by ultraviolet light

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (a) our business prospects; (b) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; (c) our business and operating strategies and plans to achieve these strategies; (d) general economic, political and business conditions in the markets in which we operate; (e) changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate; (f) the effects of the global financial markets and economic crisis; (g) our financial condition and performance; (h) our ability to reduce costs; (i) our dividend policy; (j) the amount and nature of, and potential for, future development of our business; (k) capital market developments; (l) the actions and developments of our competitors; and (m) change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive.

We operate in a highly competitive industry, which is characterized by the presence of dominant players with greater financial, technological and market resources, as well as the emergence of successful new market entrants. If we compete with players that have a longer operating history than we do, or if we do not have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors. We may also face competition from new entrants who may offer competitive products at lower prices in the future, which may result in pricing pressure, erosion of our pricing power and contraction of our gross margins and net profit margins. Such new entrants may increase industry competition and adversely impact the sales, price and profit margins of our products and our market share, and may also shorten the product life cycle of our existing products as customers may switch more quickly to newer or lower-priced offerings. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, including increased spending on product promotion, brand building, channel development and customer acquisition, which may in turn increase our sales and marketing expenses and compress our profitability. We may also need to carry higher inventory levels, offer more flexible credit terms or accelerate capital expenditure on new technologies and production capacity, which may put pressure on our operating cash flow and financial performance.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our business is subject to the risks associated with international operations.

Our international sales have constituted a substantial portion of our revenue. Operating in multiple jurisdictions around the world and expanding into new markets may subject ourselves to the following risks: (i) challenges in providing products, services and customer support, in recruiting personnel in international markets and in managing sales channels effectively; (ii) challenges in commercializing our products and services in new markets with limited experience with the local market dynamics and no existing or developed sales and marketing infrastructure; (iii) differences in accounting treatment in different countries and jurisdictions, uncertainties in interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions and foreign exchange losses; (iv) exposure to litigation or third-party claims, inability to effectively enforce contractual or legal rights and difficulty in obtaining or enforcing legal rights and judgments overseas; (v) instability or unavailability of international transportation or logistics services due to macroeconomics, geopolitical and other factors; (vi) changes in or failure to comply with laws, regulations and policies as well as political, economic and market instability, geopolitical risks or civil unrest in the relevant countries and jurisdictions; and (vii) unfavorable market conditions, intense competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with our international business operations.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our products to a large number of countries and regions and derive significant sales from exporting to these countries and regions. In the event that any of these countries or regions which we export to imposes additional economic sanctions or enforces import restrictions or tariffs in relation to our products, our business and operations may be adversely affected.

For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. In addition, the Bureau of Industry and Security ("**BIS**") issued an interim final rule in December 2024, further limiting China's access to advanced computing integrated circuits and advanced semiconductor manufacturing equipment. The BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals and other legal entities. The Export Administration Regulations ("**EAR**"), administered by the BIS, governs the export and re-export of certain controlled items that are (i) of U.S. origin; (ii) incorporate more than the applicable de minimis threshold of U.S.-origin content (generally 10%-25%, depending on the destination country) or (iii) subject to the foreign direct product rules. Because EAR controls are triggered by the characteristics of the exported or re-exported products, these export restrictions can apply to China-based transactions if the products fall within the scope of the EAR.

During the Track Record Period, we had sold our 3D printers to our customers globally. Based on our review of the location of our customers, we have identified customers located in certain regions subject to International Sanctions (the "**Relevant Regions**"). The revenue generated from such sales was approximately RMB66.7 million, RMB103.2 million and RMB149.5 million, representing approximately 3.5%, 4.5% and 4.8% of our total revenue in 2023, 2024 and 2025, respectively. All the sales were denominated in Renminbi and U.S. dollar. The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, legislation or other governmental means, implemented measures that impose economic sanctions against the Relevant Regions or against targeted industry sectors, groups of companies or persons, and/or organizations within the Relevant Regions. We have also identified sales of our 3D printers to five China-based entities that have been designated by the BIS to the Entity List, the Unverified List or the Military End-User List throughout the Track Record Period (the "**Relevant Entities**"). The revenue generated from such sales was approximately nil, RMB9,558, and RMB242,299, representing approximately less than 0.05% of our total revenue in 2023, 2024 and 2025, respectively. Provision of items subject to the EAR without a licence from BIS to these said Relevant Entities is prohibited. As of the Latest Practicable Date, we have ceased the transactions with the Relevant Entities. For more details on our business operations with customers in the Relevant Regions and the Relevant Entities, please refer to the sections headed "Business — Business Activities in relation to Regions and Entities subject to International Sanctions."

In addition, our comprehensive global sales and marketing network spans across North America, Europe, Asia, South America and Oceania. Therefore, government policies affecting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. In particular, in response to Russia's conflict with Ukraine, the United States, the European Union and the United Kingdom have imposed far-reaching sanctions and export controls restrictions on Russia, many Russian entities and individuals, and entities in other countries that conduct business with Russia, subjecting sales to Russia, other business in Russia, and business with sanctioned entities or individuals to heightened regulatory risks. In addition, if any new tariffs, legislation or regulations are implemented (including those imposing economic or trade sanctions, and those regarding export control or outbound investments), or if existing trade agreements are renegotiated, such changes could affect our business, financial condition and results of operations. Especially, the evolving U.S. foreign policy and trade regulations, particularly the potential introduction of further trade restrictions and tariffs on specific products and products originating from certain countries or regions, could increase our costs and negatively impact our ability to compete in the global market. As of the Latest Practicable Date, our products exported from China to the U.S. were primarily subject to tariffs ranging from 35.0% to 40.8%. For detail, please see "Business — Recent Development and No Material Adverse Change — The Impact of Recent Developments in U.S. Tariffs." During the Track Record Period, our revenue generated from the sales to the United States amounted to RMB492.7 million, RMB524.8 million, and RMB887.6 million, respectively, in 2023, 2024 and 2025, accounting for 26.2%, 22.9% and 28.4% of the total revenue for the same periods. Moreover, the President of the United States has indicated his willingness to continue to increase the use of tariffs by the U.S. to accomplish certain U.S. policy goals. It is uncertain whether any further tariff restrictions will be implemented, and if so, which countries, in addition to China, that may be affected. Because of the uncertain policy changes, we cannot predict the impact of any future changes to trading relationships of the U.S. or other countries or the impact of new laws or regulations adopted by the U.S. or other countries on our business.

Consequently, such developments necessitate our increased investments in monitoring policy developments and exploring strategies to mitigate the impact on our operations. In addition, we may not be able to compete effectively with the peers in other countries and regions which are not subject to relevant tariffs, who could potentially gain market share and improve their price competitiveness. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further grow our customer base. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on U.S. outbound investment, or the Final Rule, which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. These rules may limit our ability to engage in certain kinds of business operations and our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. We do not believe we are a Covered Foreign Person under the Final Rule, because we do not engage in a "covered activity" (i.e., activities relating to sectors of (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems) or otherwise meet the definition of Covered Foreign Persons provided in the Final Rule. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a "covered foreign person," and if U.S. persons engaged in a "covered transaction" (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons could be prohibited from making such acquisition before our equity interest are publicly traded, or could be required to make a notification pursuant to the Final Rule. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

If we are unable to meet evolving market demand, our business, financial condition and results of operations would be materially and adversely affected.

Our business performance has been and may continue to be affected by changes in market demand, including but not limited to changes in customer preferences and spending habits. Factors that will affect the market acceptance and customers' perception of our products and services and in turn affect our ability to retain existing customers or attract new customers include, among others: (i) the quality, stability, cost-efficiency, intelligence and convenience of our products and services; (ii) the variety, ease of use and compatibility of our accessories; (iii) the maintenance costs of our 3D printers, 3D scanners, laser engravers, accessories and 3D printing consumables; and (iv) the quantity, quality and diversity of the 3D models available on our *Creality Cloud*.

There is no guarantee that we can always provide products that meets the specific needs of our customers, as well as to maintain high-quality customer support, as our customer base grows and becomes more diverse. This may result in customer dissatisfaction, a decline in overall demand for our products and a loss of expected revenue. If we are unable to retain our existing customers or attract new customers due to any of the foregoing factors, or if our existing customers decrease or cease their usage of our products, we may be unable to acquire new customers that spend similarly or even more for our products, and our business, financial condition and results of operations will be materially and adversely affected.

Further, our ability to boost the sales of our products and services depends on our ability to effectively market our products and services and provide appropriate after-sale services. Our brand promotion and marketing activities may not be well received by the market and may not generate any anticipated increase in sales volume. As a result, our business, financial condition and results of operations may be adversely affected.

If we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected.

We have experienced revenue growth during the Track Record Period. Our revenue increased from RMB1,882.9 million in 2023 to RMB2,288.3 million in 2024, and further increased to RMB3,127.0 million in 2025. We may not be able to continue growing at the same rate as we did during the Track Record Period or at all. Our results of operations depend to a large extent on our ability to execute our growth plan and manage our expansion and growth successfully, which depends on our ability to: continually enrich our product and service portfolio; continuously recruit global talent; pursue mergers and acquisitions; secure a stable supply of key raw materials at a reasonable cost; maintain and expand our sales network; improve our operational, financial and management internal control, compliance programs and reporting systems; and address new market opportunities and potentially unforeseen challenges as they arise.

In addition, our future growth may be affected by factors beyond our control. Such factors include changes in the macroeconomic condition in China and globally, changes in the competitive landscape of the industries in which we operate, government regulations, international geopolitical situation and changes in supply and demand for our products and services, among others.

New scientific and technological advancement could make our products and services uncompetitive and obsolete, and our investment in R&D activities may not generate the results we expect.

We need to continuously invest in and enhance our technologies to meet the evolving market demand and catch up with the latest technological advancement. In particular, our products and services are used by customers from various industries and the development in the technologies and industry standards in such industries may affect the requirements of our customers for our products and services. Failure to respond to new technological developments may render our products and services uncompetitive or obsolete, and adversely affect our business, financial positions and results of operations.

In 2023, 2024 and 2025, our R&D expenses amounted to RMB96.3 million, RMB148.7 million and RMB221.9 million, respectively, accounting for 5.1%, 6.5% and 7.1% of our total revenue for the respective periods. We may continue to incur significant R&D expenses in the future. However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support our R&D. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D outcomes. R&D activities are time-consuming and by the time our products and services are due for commercialization, new technologies could render our products and services obsolete, in which case we may not be able to recover related R&D expenses, which could result in a decline in our revenue, profitability and market share.

Even if our R&D efforts successfully result in the development and commercialization of new products and services, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products and services are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, financial condition and results of operations and competition position.

Any decrease in sales from, or loss of our distributors would have adverse impacts on our business, results of operations and financial condition.

During the Track Record Period, a large portion of our revenue was derived from sales to our distributors. Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depends on our ability to (i) enter into renewal agreements with existing distributors on terms favorable to us, such as credit periods and (ii) develop new relationship with additional distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business models or for any other reasons would adversely impact our business, results of operations, financial condition and cash flows.

We have limited control over the operations of our distributors.

We rely on distributors for the marketing and sales of our products. We enter into distributorship agreements with our distributors to regulate their conducts in the marketing and sales of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconducts and violations committed by our distributors. Misconducts and violations may occur in the form of unauthorized misrepresentation to our users, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution.

In any such event, we may, as a result, incur liability to our users for claims of misconducts committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in complaints from our users and subsequent adverse impact on our business and reputation.

A significant portion of our online sales depends on certain online platforms. Future changes in the online marketing industry and customer behavior may adversely affect our sales through online channels.

We rely on a limited number of key online platforms for a substantial portion of our online sales, including overseas platforms such as Amazon and eBay, and domestic platforms such as Tmall and JD, which are owned, controlled by, or associated with, a limited number of technology companies. As such, we may be subject to concentration and counterparty risks from these key online platforms. We cannot assure you that we will be able to maintain our relationships with our key online platforms. These platforms are not obliged to continue to cooperate with us in the future at a level similar to historical levels, or at all. Should any of these key platforms reduce substantially the demand for our products or terminate their business relationship with us entirely, we may not be able to secure new online sales platforms to compensate for such reduction in sales demand or loss of business. If our relationship with these key online platforms deteriorates, or if there is a perceived decline in the quality of service or general reputation of these platforms, our sales through these platforms may decrease. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, the future growth of our e-commerce operations depends on our ability to continue attracting online customers and gaining new purchasers from various online channels, as well as our ability to retain and increase traffic to our online stores. However, we may not be successful in maintaining or increasing our online sales, which depends on a number of factors relating to the online marketing industry and customer behavior, including: customer traffic on e-commerce platforms and our ability to increase the customer traffic to our online stores; our ability to respond to the market trends and changes; and the availability of relevant network infrastructure, such as online or mobile payment platforms.

In addition, these e-commerce platforms may change their advertising policies from time to time. Any changes to these policies that delay or prevent us from any forms of online advertising, product sales, customer interactions, after-sales services, or receipt of real-time feedback from customers, could result in reduced traffic to our listings and adversely affect our sale of products. Further, we are subject to a wide range of laws and regulations applicable to sales on e-commerce platforms, covering, among others, consumer protection, product quality and liability, advertising, data privacy and cybersecurity. Failure to comply with such laws and regulations may result in significant operational, legal and financial consequences.

Our products may contain errors, defects, bugs that are difficult to detect and correct, which may harm our business.

Our products are intricate in nature and may contain errors, defects, bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite the verification and testing procedures in place, our products may contain serious errors, defects, or bugs which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our customers. Under these circumstances, we may incur additional remedial costs to recall, repair or replace and additional development costs to redesign our products. Any of these circumstances may result in significant operational, legal and financial consequences.

Failure to offer high-quality support services for our customers or end customers may harm our relationships with them and, consequently, our business.

We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expense may increase and adversely impact our financial condition and results of operations. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customer, they also subject us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied. Customer dissatisfaction may result in loss of existing customers or failure to acquire new customers, which may materially and adversely affect our business and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our business, prospects, results of operations and financial condition.

Given a substantial portion of our revenue is denominated in foreign currencies and a significant portion of our costs is incurred in Renminbi, the fluctuations in foreign exchange rates will affect our results of operations and financial condition. The Renminbi has fluctuated against foreign currencies, sometimes significantly and unpredictably. The value of Renminbi against foreign currencies is affected by changes in China's economic conditions and by China's foreign exchange policies, among other things. We recorded net foreign exchange gains of RMB1.4 million and RMB2.4 million in 2023 and 2024, respectively, and net foreign exchange losses of RMB0.9 million in 2025, primarily attributable to the fluctuations in foreign exchange rates.

We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against foreign currencies in the future. Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our H Shares in foreign currency. For example, to the extent that we need to convert Hong Kong dollars we receive from the [**REDACTED**] into Renminbi to pay our operating expenses, appreciation of Renminbi against the Hong Kong dollars would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against Hong Kong dollars may significantly reduce Hong Kong dollars equivalent of our earnings, which in turn could adversely affect the price of our H Shares. As a result, fluctuations in exchange rates may have a material adverse effect on your [**REDACTED**].

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products and services.

We believe that our brand is integral to the success of our business and brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide high-quality and competitive products and services, customers' satisfaction with our products and services and after-sale services, our ability to maintain and strengthen business relationship with our customers and the increase in brand awareness through marketing activities. In addition, any negative publicity about us, our Directors, employees, brand, products or services, whether warranted or not, may adversely affect our reputation and business. Even if it is factually incorrect or based on isolated incidents, such negative publicity could damage our reputation and undermine the trust and credibility we have established with our customers and have a negative impact on our ability to attract new customers or retain our existing customers. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Future strategic acquisitions, alliances or investments may have a material effect on our results of operations, financial performance and business prospects.

We may enter into strategic acquisitions alliances, or investments with third parties to further our business purpose from time to time. Our ability to grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisitions. We may not be able to accurately assess the fair value of target businesses or assets, and may overpay for such acquisitions, which could adversely affect our financial condition and results of operations. Such acquisitions and investments may also require approval from the relevant government authorities, which can lead to compliance costs and increase uncertainty. In addition, investments and acquisitions could result in greater liabilities and expenses, unidentified issues not discovered in our due diligence, insufficient cash flow, or intangible assets and exposure to potential unknown liabilities of the acquired business. Further, our investments or acquisitions may not yield the results we expect. The integration process involves risks and uncertainties, including challenges in integrating acquired businesses and brands, such as aligning business operations, corporate culture, management systems and brand positioning, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or operational efficiencies. In the event that our investments and acquisitions are not successful, our results of operations, financial performance and business prospects may be materially and adversely affected.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our continued success depends and will continue to depend to a significant extent on our efforts and abilities to retain the key members of our management team, and to make sure each of them is and will continue to be actively engaged in our management and our strategic planning. Our future performance will also depend on their continuing services contributions to formulate and execute our business plan and to identify and pursue new opportunities. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, results of operations and prospects.

In addition, our success depends on our ability to attract and retain a large number of other qualified employees, especially senior R&D personnel and skilled engineers. In particular, we rely on our R&D team to develop our core technologies and new products and services. The industry that we operate in is technology-intensive, encompassing a wide range of multidisciplinary techniques. In order to recruit talents, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract, assimilate, develop or retain the qualified personnel necessary to support our future growth. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. Any of the above issues related to our workforce may materially and adversely affect our business, financial condition, results of operations and future growth.

We recorded a net loss in 2025, and our past growth may not be indicative of our future performance.

We recorded a net loss of RMB182.4 million in 2025, primarily because we recorded issuance of shares and dividends to investors of RMB240.3 million in 2025. Our financial performance may be affected by various factors, including changes in market conditions, increased operating costs, intensified competition and the impact of certain non-operating items. We believe that continued growth in our revenue as well as our ability to improve margins and profitability will depend upon, among other factors, our ability to address the challenges, risks, and difficulties. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. Any of these factors could cause our revenue growth to slow down or decline and may adversely affect our margins and profitability.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our consultants, agents, suppliers, distributors, users or other third parties may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to unethical or unlawful behaviors by our consultants, agents, suppliers, distributors, users or any other third parties. Such misconducts may include non-compliance with applicable laws and regulations pertinent to mishandling of funds or unlawful kickbacks during our procurement of raw materials or selection of suppliers. We may also have limited control over users and other third parties who may engage in unlawful, unethical or anticompetitive conducts, such as the improper use of our products in violation of laws or public order and morals. We may incur substantial monetary losses, suffer reputational damage, be subject to administrative penalties and fines, have our licenses and permits revoked, or even be ordered by regulatory authorities to suspend our operations due to misconduct. We may also be required by regulatory authorities in the relevant jurisdictions to allocate significant resources and incur additional costs to prevent or screen any unlawful, unethical or anticompetitive conducts by our consultants, agents, suppliers, distributors, end users or third parties.

We rely on the stability of our supply chain.

The complex proprietary nature of our products means if there was a disaster or other business disruption at any of our suppliers' facilities, procurement of and transition to new partners would take a significant period of time to complete and would likely adversely affect our inventory, business, results of operations and financial condition.

Moreover, any shortage in the raw materials used by our suppliers may result in shortage in their supply of our products and delay in their production process. During the Track Record Period, raw materials cost represented the largest component of our cost of sales, which represented 76.7%, 76.4% and 75.0% of our total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Therefore, we are vulnerable to the risk that our current suppliers may be unable to meet our demand or cease operations altogether. In addition, our ability to receive sufficient supplies of our products could be adversely affected by events such as natural disasters and geopolitical challenges in locations where our suppliers operate.

Moreover, increased regulation or heightened societal and industrial expectations regarding responsible sourcing practices could increase our compliance costs. Any failure to comply with such regulations or meet such expectations as a result of misconduct by our suppliers could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our suppliers, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

If we are unable to maintain optimal capacity utilization rates of our manufacturing facilities, our profitability and results of operations would be adversely affected.

Given the high fixed costs of our operations, decreases in capacity utilization rates can have a significant effect on our business and our ability to maintain or enhance gross margins. In turn, our ability to maintain satisfactory capacity utilization will depend on the demand for our products, the volume of orders we receive, our ability to maintain a sufficient workforce at our facilities, and our ability to offer products that meet our customers' requirements at competitive prices. If current or future production capacity fails to match current or future customer demands, our facilities would be underutilized, our sales may not fully cover our fixed overhead expenses, and we would be less likely to achieve expected gross margins. If forecasts and assumptions used to support the realizability of our long-lived assets change in the future, significant impairment charges could result that would materially adversely affect our business, financial condition and results of operations.

Our products may be subject to warranty, indemnity and product liability claims, which could result in significant costs and damage to our business, financial condition and results of operations.

Our products and services are highly complex and may contain defects that affect their quality or performance. As we continue to expand, our post-sale service team may face additional pressure, potentially making it challenging to respond promptly to short-term increases in customer demand for technical support. Moreover, a large portion of our customers are from overseas, which introduces additional risks associated with providing maintenance and repair services globally. See "Business — Customer Service and Product Warranty" for more details. We make warranty provisions, which represent the management's best estimate of expected settlement amounts under our sales agreements in respect of the sold products that remain within the warranty period. Warranty claims are not typically covered by our product liability insurance, and we may therefore need to bear such costs ourselves. As of December 31, 2023, 2024 and 2025, we made warranty provisions of RMB15.5 million, RMB19.5 million and RMB31.7 million, respectively. There is no assurance that these reserves will be sufficient to cover future claims. In the future, we may face significant unexpected warranty claims, resulting in substantial expenses that could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

In addition, our customer has the right to return the product within a certain period of time after purchase. During the Track Record Period and up to the Latest Practicable Date, while we did not receive any material product return, we cannot assure you that we will not encounter material product recall, cancellation of orders or become subject to warranty claims due to product defects. If this happens, our business, financial condition and results of operations may be adversely affected. Furthermore, our reputation could be adversely impacted in the event of a material product recall, which could negatively affect the demand for other products of ours and have an adverse impact on our business, financial condition and results of our operations.

Further, as our products and services are used in various application scenarios, failure of the systems in which our products or services are integrated could cause damage to property or people. We may be subject to product liability claims if our products and services, or the integration of our products and services, cause system failures. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our R&D and management personnel and harm our business. In addition, if any of our products or services contain defects, or have reliability, quality or compatibility problems, our reputation may be harmed and we may lose existing customers and fail to attract potential customers. Given the association of our individual products and services with our brand, any issue with one of our products or services could have an adverse impact on our business, results of operations and financial condition.

In addition, certain product liability claims may be the result of defects from raw materials or outsourced parts provided by our suppliers, which could result in expenses and managerial efforts in defending them and could have a negative impact on our reputation. Attempting to enforce our rights against such suppliers may be expensive, time-consuming and ultimately futile. Such suppliers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. Further, our insurance coverage might be insufficient to fully cover all damages sought and the claiming process might be prolonged.

Our products are subject to various industry standards the requirements of which are continually evolving, and the efforts to meet such industry standards or requirements could be costly.

Our products are based on industry standards that are continually evolving. The development of existing industry standards and emergence of new industry standards could render our products obsolete. To identify and comply with these industry standards, we may need to redesign our products, which may be time-consuming and costly, and the outcomes of which may be uncertain. If we cannot successfully redesign our products, our products may not be able to comply with new industry standards or compete with the products offered by our competitors. In this circumstance, we could miss opportunities to achieve crucial design wins and lose market share to our competitors, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to seasonality.

We experience seasonality in our business. We typically experience a seasonal surge in volume of orders from the fourth quarter of each year till the first quarter next year around the festival seasons. We may experience capacity and resource shortages in fulfilling orders during the period of such seasonal surge in our business. As we continue to grow and expand our business and as the industry where we operate continues to evolve, the seasonality of our business is subject to a variety of uncertainties and may change in patterns in the future, and the impact of seasonality on our results of operations may also increase in the future. As a result, comparing our operating results on a period to period basis may not be meaningful, and our results of operations and the price of our Shares may fluctuate from time to time due to seasonality.

If we experience operational disruption or machinery breakdown in our production facilities, our inventory level and production schedule may be adversely affected.

We aim to deliver quality products to our customers on time and in required quantities, which in turn relies on the proper and reliable functioning of our production processes, particularly the stable operation of our production facilities. During the Track Record Period, we manufactured the majority of our products with our own manufacturing facilities, located in Huizhou, Wuhan and Shenzhen. Any operational disruption or machinery breakdown could directly impact our production schedules and stock levels, hindering our ability to meet customer orders in a timely manner, thus affecting customer satisfaction.

Operational disruptions or machinery breakdowns in our production facilities may arise from unexpected incidents or catastrophic events, including natural disasters, fires, technical or mechanical failures, power shortages, explosions, labor strikes, epidemics, loss of licenses, certifications or permits, changes in governmental planning for the underlying land and regulatory developments. In the event of such disruptions, maintaining production volumes and ensuring sufficient stock levels to meet customer demands could be challenging. Identifying and securing alternative facilities or machinery in a timely and cost-effective manner may not always be feasible. Delays in resuming normal operations could also affect the quality and schedule of product deliveries, potentially impacting customer satisfaction and damaging our reputation. Any prolonged suspension of operations or significant disruptions in our production processes could materially and adversely affect our business operations.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products and services, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our success depends in a large part on our ability to protect our proprietary technology as well as our products and services from competition by obtaining, maintaining and enforcing our intellectual property rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of the Latest Practicable Date, we had 944 granted patents in China and overseas, including 135 invention patents, and we had 1,245 applications for patents. As of the same date, we had 58 copyrights, 792 registered trademarks and 135 domain names in China and overseas. The intellectual property application process may be expensive and time-consuming, and we may not be able to identify, file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. Moreover, we may not be able to prevent competitors from developing and commercializing competitive products and services in fields in which our patents are co-owned with third parties.

Even if we have identified, filed and prosecuted our intellectual property applications, approvals may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products and services. Furthermore, the scope of patent protection varies across different jurisdictions. Failure to fully adapt to changes in either the patent laws or their interpretation in various jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies, products or services in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. For example, in China, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. If we fail to extend the life of our patents, we may face competition for any approved products and services even if we successfully obtain patent protection once the patent life has expired for the product.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We have been and may continue to be subject to claims, litigation and disputes, various legal and administrative proceedings, and any resulting damages. In addition, agreements we entered into may include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings may be costly and time consuming and may divert our management attention. If one or more legal or administrative matters were resolved against us or an indemnified third party, we may incur additional expenses to cover compensatory or punitive monetary damages, disgorge any relevant profits, establish remedial measures or comply with injunctions or specific performance. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may become involved in lawsuits to protect or enforce our intellectual property, or to defend ourselves if third parties claim that we infringe upon their intellectual property rights.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

In addition, we may not be able to successfully defend ourselves against infringement claims by third parties. For example, we were involved in a litigation brought against us in the New York State Court in the United States by a 3D scanner manufacturer headquartered in Europe (the "**Plaintiff**"). This case concerns allegations of intellectual property infringement filed against one of our suppliers and us, with claims that the relevant products infringe upon the Plaintiff's patent and copyright rights. As of the Latest Practicable Date, this case is still pending judgement. See "Business — Legal Proceedings and Compliance" for more details. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive, time-consuming and may divert management attention and internal resources. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products or services in controversy, redesign, reengineer or rebrand such products or services, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the relevant administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products, services or the respective candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

We may be exposed to risks relating to fluctuations of raw material costs.

During the Track Record, the raw materials we procure from our suppliers primarily include electronic and electrical components, motor components, screens, structural components, mechanical parts, optical devices, bio-based biodegradable materials and other related materials. In 2023, 2024 and 2025, raw materials cost accounted for 76.7%, 76.4% and 75.0%, respectively, of our cost of sales for the respective periods. We may be subject to fluctuations in the prices of raw materials, as well as in transportation and other necessary supplies or services, due to factors beyond our control, such as fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for raw materials, transportation and other necessary supplies or services.

We cannot assure you that the price of our raw materials will not increase significantly in the future. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease. On the other hand, if the prices of our products increase significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In both cases, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to credit risk due to delay in payment and defaults of customers.

We are exposed to credit risks related to delays and defaults of our trade, bills and other receivables due from our customers or related parties in the ordinary course of our business and we may grant credit terms to distributors on a case-by-case basis. As of December 31, 2023, 2024 and 2025, our trade receivables were RMB177.4 million, RMB225.3 million and RMB338.3 million, respectively. In 2023, 2024 and 2025, our average trade receivables turnover days were 38.8 days, 32.1 days and 32.9 days, respectively. Fluctuations and extension of trade and other receivables turnover may adversely affect our cash flow and liquidity. For trade receivables, we assess the credit quality of the customers, taking into account their financial position, past trading and payment experience and forward-looking factors. For other receivables, we make periodic collective and individual assessment on the recoverability based on historical settlement records and past experience as well as forward-looking factors. If the credit-worthiness of our customers deteriorates or if our customers fail to settle their trade and bills receivables for any reason, we may incur additional impairment loss. We may not be able to recover our trade receivables in a timely manner, or at all. As a result, our business, financial condition and results of operations may be adversely affected.

Failure to obtain or maintain any of the preferential tax treatments or government subsidies could adversely affect our business, financial condition and results of operations.

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or are entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. We and our certain subsidiaries were recognized as High New Technology Enterprises and, accordingly, enjoy a preferential income tax rate of 15% during the Track Record Period. In addition, we are eligible for a 5% additional VAT deduction based on deductible input VAT as an advanced manufacturing enterprise. See Notes 7 and 11 to "Appendix I — Accountant's Report" for more details. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by PRC tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we benefited from government grants. Some of such government grants are non-recurring in nature. We recorded government grants under other income of RMB34.6 million, RMB10.1 million and RMB16.3 million in 2023, 2024 and 2025, respectively. Any discontinuation, reduction or delay of any government grants would have an adverse impact on our business, financial condition and results of operations.

We may be subject to risks related to inventories.

Our inventories primarily consist of finished goods, raw materials, work in progress, consigned processing materials and contract fulfilment costs. As of December 31, 2023, 2024 and 2025, we had inventories of RMB356.3 million, RMB438.2 million and RMB634.3 million, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. Our inventories are subject to provision for impairment loss mainly due to the decreases in the market prices of our inventories as a result of the rapid obsolescence of electronic components and parts. The provision for inventories amounted to RMB14.0 million, RMB19.3 million and RMB40.8 million, respectively, for the years ended December 31, 2023, 2024 and 2025. In 2023, 2024 and 2025, our average inventory turnover days were 81.4 days, 98.2 days and 98.3 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity.

In addition, it may be difficult to accurately forecast demand and determine the appropriate levels of inventory we should maintain. If the actual demand is lower than our forecast demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. If we are required to lower sale prices to increase the demand for our product sales to reduce inventory level, our profit margins might be adversely affected. If the actual demand is higher than our forecast demand, we may not be able to fulfill all the orders we receive to maximize our revenue. Any of the above may adversely affect our business, financial condition and results of operations.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from prepayments from our distributors to us before we fulfill our performance obligations. Our contract liabilities were RMB37.2 million, RMB76.3 million and RMB52.8 million as of December 31, 2023, 2024 and 2025. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities, which is subject to various factors, including the market demand, the stability of supply and price of raw materials, the quality and price of service provided by and the production capacity of our providers. If we are not able to fulfill such obligations, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

The recoverability of our deferred income tax assets is subject to accounting uncertainties.

According to our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other relevant factors. Therefore, actual results may differ from these accounting estimates. As of December 31, 2023, 2024 and 2025, we recorded deferred income tax assets of RMB39.5 million, RMB47.0 million and RMB78.7 million, respectively.

Based on our accounting policies, deferred income tax assets are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. Deferred income tax liabilities are generally recognized for all taxable temporary differences. See Note 29 to "Appendix I — Accountant's Report" for details. The realization of deferred income tax assets mainly depends on our management's judgment as to whether future taxable amounts will be available to utilize those temporary differences and losses. If sufficient profits or taxable temporary differences are not expected to be generated or are less than expected, a material reversal of deferred income tax assets may arise in future periods.

We have granted and may continue to grant share-based awards, which may adversely affect our business, financial condition and results of operations.

We have established share incentive plans to grant shares to our employees for the purpose of attracting and retaining suitable personnel to enhance our development. We believe share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may grant share-based awards in the future. As a result, our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation as the expenses associated with share-based compensation will decrease our net profit and the establishment of a new share incentive plan may potentially dilute the ownership interests of our Shareholders.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.

Our insurance policies primarily include product liability insurance and short-term export credit insurance. However, we cannot assure you that our insurance will be adequate to cover all of our operational risks. If we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner.

Failure to comply with environmental, fire control, health and safety laws and regulations may subject us to fines or penalties or incur costs that could materially and adversely affect the success of our business.

We are subject to numerous environmental, fire control, health and safety laws and regulations and related inquiries in relation to our production processes. For example, our construction projects are subject to Regulations on the Administration of Construction Project Environmental Protection and the Measures for the Administration of the "Three Simultaneities" System for Safety Facilities in Construction Projects. Our production facilities are subject to regular inspections by the regulatory authorities for compliance with, among others, the Safe Production Law of the PRC and Regulation on Work Safety Permits. Furthermore, under the PRC Labor Law and Law of the PRC on the Prevention and Treatment of Occupational Diseases, we must ensure that our facilities comply with the PRC standards and requirements on occupational health and safety conditions for employees. Delays or failures in fulfilling these requirements, or obtaining all the requisite regulatory approvals in time may affect our ability to develop, manufacture and commercialize our products as planned.

In addition, we may incur substantial costs in order to comply with current or future environmental, fire control, health and safety laws and regulations, and there can be no assurance that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall retroactively or any administrative penalties. Failure to comply with these laws and regulations may result in substantial fines, penalties or other sanctions, thereby adversely affecting our financial condition and results of operations.

Increasing focus on environmental, social and governance ("ESG") matters by regulators and other stakeholders may increase our compliance risk and costs.

With the rising awareness of ESG issues, we may need to devote more effort and resources to ensure our compliance with evolving and more stringent ESG laws or regulations. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

Under the laws and regulations in China and Hong Kong, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we carried out our operations mainly in the PRC, Hong Kong, Germany and the United States. See "Regulatory Overview" and "Business — Transfer Pricing Analysis" for more details. We could face material and adverse tax consequences if the relevant tax authorities determine that the certain intra-group transactions of us do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, we accepted payments made on behalf of certain customers (the "**Relevant Customer(s)**") through the accounts of third-party payors who were not affiliated companies of the Relevant Customers but were designated by the Relevant Customers (the "**Third-Party Payment Arrangement(s)**"). In 2023, 2024 and 2025, the number of the Relevant Customers was 129, 151 and 84, respectively. In 2023, 2024 and 2025, the aggregate amount they settled under the Third-Party Payment Arrangements was RMB45.8 million, RMB85.3 million and RMB68.0 million, respectively, which accounted for 2.4%, 3.7% and 2.2% of our total revenue in the same periods, respectively. During the Track Record Period, third party payment arrangements primarily comprise payment from third party payors designated or authorized to make the payment on behalf of the Relevant Customers. See "Business — Legal Proceedings and Compliance — Third Party Payment Arrangements" for more details.

We were subject to various risks relating to such Third-party Payment Arrangements, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money-laundering risks as we have limited knowledge about the source of the funds utilized by the third-party payors and their identities. In the event of any claims from third-party payors or their liquidators, or legal proceedings, including civil, criminal or regulatory actions, instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims, legal proceedings or regulatory actions, and we may be forced to comply with the court ruling or order and return the payment for the products that we sold and services that we provided.

We had net operating cash outflows in the Track Record Period.

Our net cash used in operating activities amounted to RMB64.0 million in 2025. Due to the expansion of our overseas online stores, we have raised inventory levels in international warehouses. Transitioning from previous deliveries from China, we are now gradually shifting to delivery from overseas warehouses or direct home delivery to overseas customers. This change has lengthened the transportation cycle, leading to an increase in inventory turnover days and tied-up capital, which contributed to net operating cash outflows in 2025. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure that we will generate sufficient cash flows from other sources to fund our operations. If we continue to have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We may need to raise additional capital in the future to further expand our business and sustain our growth. We may raise additional funds through the issuance of equity or debt related securities, or through obtaining credit from government or financial institutions. Our ability to obtain additional capital is impacted by factors including, but not limited to, our market position, future profitability, financial position and the overall macroeconomic condition in China and worldwide.

Furthermore, we may not be able to raise additional funds on favorable terms, or at all. If additional funds cannot be obtained when needed and on favorable terms, our business, financial condition and results of operations may be adversely affected. Fundraising through the issuance of debt securities or through loan arrangements may contain terms that require significant interest payments, covenants that restrict our business, or other terms unfavorable to us. In addition, to the extent we raise funds through the sale of additional equity securities, our shares will experience additional dilution.

Our failure to comply with the laws and regulations relating to cybersecurity, privacy and data protection could have a material adverse effect on our business, financial condition and results of operations.

In the ordinary course of business, we from time to time collect, use, store and transfer personal data of our customers and distributors. We primarily collect the following types of customer data: contact information, delivery addresses and purchase records. We also collect the basic information of our distributors and their designated contacts to facilitate management. In addition, as we expand our global presence and generated a significant portion of our revenue from overseas, we are subject to local and overseas laws relating to cybersecurity, privacy and data protection, including the collection, use, storage, security and transfer of personal data. Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction.

Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Failure to comply with these regulations could expose us to severe penalties, legal liability and reputational damage. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on information technology systems to conduct and monitor our daily operations. See "Business — Information Security and Data Privacy" for more details. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems, which are subject to certain risks, such as malfunction, natural disasters and malware attacks. Our cybersecurity measures may not timely detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks. Any breach of our cybersecurity measure, or malfunction, damages, disruptions or shut down of our information technology systems may result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of malware attacks, we may also be asked to make a lump-sum payment in order to resume the operation of our systems. There is no assurance that we will not be subject to any of these cyber security issues in the future. If we cannot effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be adversely affected.

Furthermore, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of the above may have an adverse impact on our business, financial condition and results of operations.

Rising labor costs and labor shortages, including due to pandemics and other disasters, employee strikes and other labor-related disruptions may materially adversely affect our business, financial condition and results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. We have not experienced any material work stoppages or strikes in the past. However, we cannot guarantee that any of such events will not arise in the future. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our business, financial condition and results of operations. We may, from time to time, be involved in labor disputes, experience labor shortage, face difficulties with localized management of employees, and may make adjustments including for example retrenchment plans to our labor force in line with our business needs. As certain of our employees are represented by labor unions, any deterioration in our labor relations with employees or the labor union could cause labor disputes, which could result in the disruption of production and operations. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and interventions related to a workplace safety or employee injuries. Any aforementioned incidents may lead to deterioration in our labor relations, which could result in the disruption of production and operations, and may subject us to legal proceedings, as well as monetary and reputational damages.

In addition, labor costs in regions where we operate have been increasing in recent years and may potentially continue increasing. As such, we may have to increase our total compensation to attract and retain the experienced professionals required to achieve our business objectives. However, these increased costs might not be able to be passed onto customers by increasing our products' selling prices in light of market competition. In such circumstances, our profit margin may decrease, which could have an adverse effect on our business, financial condition and results of operations.

Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor related regulations and rules may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required by the relevant PRC laws and regulations. In 2023, 2024 and 2025, the shortfall of our social insurance contributions and housing provident funds was RMB15.1 million, RMB16.5 million and RMB25.4 million, respectively. According to the applicable laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law. Based on (i) we have not signed any agreement with our employee or our employee have not committed to give up paying their social insurance, and (ii) our employees have the legal right to terminate the labor contract and claim economic compensation in accordance with the Labor Contract Law being effective since 2012, instead of the aforementioned regulation, which will not result in the Group assuming any additional liability for compensation, as advised by our PRC Legal Advisor, the aforementioned regulation will not have material adverse impact on our business operations and financial position.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We may face penalties for the non-registration of our lease agreements in China.

As of the Latest Practicable Date, four of the nine lease agreements for properties we leased for office, R&D, warehouse and production purpose in the PRC had not completed lease registration with relevant regulatory authorities. Non-registration of lease agreements does not affect the validity of such lease agreements. However, pursuant to the requirements of the Administrative Measures for Commodity House Leasing and relevant local rules, the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our cost, in the future.

Our business growth and results of operations may be adversely affected by changes in natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, public health hazards, such as the outbreaks of widespread epidemics, public security hazards or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. We cannot assure you that any backup systems will be adequate to protect us from the effects of natural disasters, public health and public security hazards or other events. Any of the foregoing events may give rise to interruption, breakdowns, system failures or internet failures, which may result in the loss or corruption of data, malfunctions of software and hardware, and adversely affect our ability to produce our products and services. As a result, our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations and industry practice guidelines in the jurisdictions where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

The majority of our business assets are located in China during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of companies in our industry. See "Regulatory Overview" for more details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. The legal systems of some geographic markets where we operate are consistently evolving. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

Conversion of RMB into foreign currency and remittance of foreign currency out of the PRC under certain circumstances are subject to Chinese foreign exchange regulations. If there are unfavorable changes in exchange rates, or if PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs. Under current PRC foreign exchange regulations, certain current account transactions such as profit distributions, interest payments and trade-related expenses can be conducted in foreign currency without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments and repayment of borrowings are subject to foreign exchange policies and require prior approval from the SAFE or registration with the SAFE or authorized banks. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發[1993]045

號文件廢止後有關個人所得税徵管問題的通知(國税函[2011]348號)) dated June 28, 2011 and issued by the State Tax Administration (the "SAT"), the tax rate applicable to dividends paid to Non-PRC resident individuals of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-PRC resident individuals holders of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-PRC resident individuals who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See "Regulatory Overview." In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) and its implementation regulations, Non-PRC resident individuals of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from Non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向

境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations. However, our policies and procedures may not be sufficient, and our Directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Our operations are subject to tax laws and regulations in jurisdictions in which we operate.

As a company incorporated in China, we are subject to the PRC tax laws and regulations. We also operate in multiple jurisdictions worldwide, and are subject to the tax laws and regulations of those jurisdictions. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) issued by Ministry of Finance and the SAT on 25 May 2012, revised on 9 December 2014 and 20 January 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of value-added tax ("**VAT**") policies. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

You may have limited resources in effecting service of legal process and enforcing judgments against us, our Directors and senior management.

We are a company incorporated under the laws of the PRC and a majority of our assets are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. It may not be possible for [**REDACTED**] to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or other countries. On January 18, 2019, the Supreme People's Court and the Hong Kong Special Administrative Region Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement was issued on January 25, 2024 and came into effect on January 29, 2024, seeking to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and mainland China. Under the New Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the New Arrangement. However, we cannot assure you that all final judgments will fully fall into the scope of New Arrangement and thus be recognized and effectively enforced by the relevant PRC and Hong Kong court.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

Under SAFE regulations, PRC residents who participate in a share incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See "Regulatory Overview — Regulations Relating to Stock Incentive Plans" for more details. We and our PRC resident employees who participate in our share incentive plans are subject to these regulations as we are [**REDACTED**] in Hong Kong

We are in the process of registration with the local counterparts of SAFE for our PRC resident employees who participate in our share incentive plans as required under the relevant rules. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active [**REDACTED**] for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**], which may not be indicative of the price at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our H Share may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and [**REDACTED**] volume volatility that are not related to the operating performance of any particular [**REDACTED**] company. The business and performance and the market price of the shares of other [**REDACTED**] companies engaging in similar business may also affect the price and [**REDACTED**] volume of our Shares. In addition to market and industry factors beyond our control, the price and [**REDACTED**] volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies [**REDACTED**] on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the public market could have a material adverse impact on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such

[**REDACTED**] or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [**REDACTED**], could also adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholders to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by our Controlling Shareholders and the availability of these Shares for future sale may have a negative impact on the [**REDACTED**] of our Shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders will control approximately [**REDACTED**]% of the voting rights at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on our Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

You will experience immediate and substantial dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [**REDACTED**] of our H Shares is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we [**REDACTED**] additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

In 2021, our Company declared cash dividends of RMB195.0 million. In 2022 and 2023, our Company paid cash dividends of RMB36.0 million and RMB71.0 million, respectively, to our Shareholders, which fully settled all the dividends we declared to distribute in 2021. On May 23, 2025, we declared a dividend of RMB81.4 million to certain Shareholders, which has been fully settled in July 2025.

We protect our Shareholders' interest by ensuring a consistent dividend policy. There is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations. The declaration, payment and amount of any future dividends plan are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. See "Financial Information — Dividends" for more details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecast and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various official government sources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], [the [**REDACTED**], and the [**REDACTED**]] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations, the market price and [REDACTED] volume of our Shares may decline.

The [**REDACTED**] market for the [**REDACTED**] will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrades the [**REDACTED**] or publishes inaccurate or unfavorable research about our business, the market price for the [**REDACTED**] would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or [**REDACTED**] volume for the [**REDACTED**] to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive directors must be ordinarily resident in Hong Kong.

Since our principal business and operations are substantially located, managed and conducted in the PRC through its PRC subsidiaries, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for our Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed Mr. Ao and Ms. YEUNG Siu Wai Kitty (楊小慧) as authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. Mr. Ao confirms that he possesses valid travel documents and can readily travel to Hong Kong and Ms. Yeung is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed Somerley Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [**REDACTED**] of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing "relevant experience," the Stock Exchange will consider the individual's: (a) length of employment with the [**REDACTED**] and other [**REDACTED**] and the roles he or she played; (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.

We have appointed Mr. XIE Wujian (謝武建) as one of our joint company secretaries. Mr. Xie joined our Group in September 2020 and is our vice general manager, finance director and secretary to the Board. He is primarily responsible for Board affairs, corporate governance, capital and financial management, investor relations and securities affairs of our Group. Although our Company believes, having regard to Mr. Xie's past experience in handling corporate matters, that he has a thorough understanding of our Company and the Board, he does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. YEUNG Siu Wai Kitty (楊小慧), who possesses such qualifications, to be a joint company secretary to assist Mr. Xie in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Xie to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Xie's appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions: (a) Mr. Xie must be assisted by Ms. Yeung, who possesses the qualifications and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary, throughout the validity period of the waiver; and (b) the waiver is valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Yeung ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. Xie will gain experience with the assistance of Ms. Yeung. Before the end of the initial three-year period, we will evaluate the then experience of Mr. Xie in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at that time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Xie, having had the benefit of Ms. Yeung's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. CHEN Chun (陳春)	Unit 2301, Tower B Duhui Building Shiyan Street Bao'an District, Shenzhen Guangdong Province, PRC	Chinese
Mr. AO Danjun (敖丹軍)	Room 208A, 2/F, A1 Property West Square of Shenzhen North Railway Station Zhiyuan Middle Road Longhua District, Shenzhen Guangdong Province, PRC	Chinese
Mr. LIU Huilin (劉輝林)	Room 7A, Block 5, Building 3 Youshanmeidi Garden No. 1 Jinlong Road, Dalang Street Longhua District, Shenzhen Guangdong Province, PRC	Chinese
Mr. TANG Jingke (唐京科)	Room 14A2, Block 2, Building 2 Youshanmeidi Garden No. 1 Jinlong Road, Dalang Street Longhua District, Shenzhen Guangdong Province, PRC	Chinese
Mr. FANG Zongdi (方宗棣)	Room 3402, Unit 1, Building 1 Fuxing Huiyu Shidai Shangcheng Youyi Avenue, Sanjiaolu Community Xujia Peng Street Office Wuchang District, Wuhan City Hubei Province, PRC	Chinese
Non-Executive Director		
Mr. HUANG Hongman (黃宏滿)	Room 12C, Block C, Building 6 Yongjingwan Garden No. 48 Airong Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese

Name	Residential address	Nationality
Independent Non-Executive Directors		
Ms. GAO Li (高麗)	26/F, Tower 2A The SouthLand 11 Heung Yip Road Wong Chuk Hang Hong Kong	Chinese (Hong Kong)
Ms. WANG Yating (王雅婷)	Room 1712, Building 5B Shenye Dongling Luohu District, Shenzhen Guangdong Province, PRC	Chinese
Mr. LIANG Huaquan (梁華權)	8/F, Block 6, Jincheng Huating No. 6 Fenghuang Road Luohu District, Shenzhen Guangdong Province, PRC	Chinese

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Paul Hastings (Hong Kong) LLP** 22/F, Bank of China Tower 1 Garden Road Hong Kong
	As to PRC law: **King & Wood** 28th Floor, China Resources Tower 2666 Keyuan South Road Nanshan District, Shenzhen Guangdong PRC
	As to International Sanctions laws: **Hogan Lovells** 11/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18/F, One Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC law **Commerce & Finance Law Offices** 10/F, HyQ, Chow Tai Fook Finance Tower Qian Hai, Shenzhen Guangdong PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong

Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'An International Center 88 Puji Road Jing'An District Shanghai PRC
Transfer Pricing Tax Advisor	**Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited** 28/F, Hony Tower, No. 1 Jinrong Street, Guiwan Qianhai Shenzhen-Hongkong Cooperation Zone Shenzhen, Guangdong Province PRC

[**REDACTED**]

Registered Office	Room 1808, Jinxiu Hongdu Building Meilong Avenue, Xinniu Community Minzhi Street, Longhua District Shenzhen, Guangdong Province PRC
Headquarters and Principal Place of Business in the PRC	Room 1808, Jinxiu Hongdu Building Meilong Avenue, Xinniu Community Minzhi Street, Longhua District Shenzhen, Guangdong Province PRC
Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Company's Website	**www.creality.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. XIE Wujian (謝武建)** Room 1808, Jinxiu Hongdu Building Meilong Avenue, Xinniu Community Minzhi Street, Longhua District Shenzhen, Guangdong Province PRC **Ms. Yeung Siu Wai Kitty (楊小慧)** ***(ACG, HKACG)*** Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong

Authorized Representatives	**Mr. Ao Danjun (敖丹軍)** Room 1808, Jinxiu Hongdu Building Meilong Avenue, Xinniu Community Minzhi Street, Longhua District Shenzhen, Guangdong Province PRC
	Ms. Yeung Siu Wai Kitty (楊小慧) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Audit Committee	Mr. LIANG Huaquan (梁華權) *(Chairperson)* Ms. WANG Yating (王雅婷) Ms. GAO Li (高麗)
Remuneration and Appraisal Committee	Ms. GAO Li (高麗) *(Chairperson)* Ms. WANG Yating (王雅婷) Mr. LIANG Huaquan (梁華權)
Nomination Committee	Ms. WANG Yating (王雅婷) *(Chairperson)* Mr. LIANG Huaquan (梁華權) Ms. GAO Li (高麗)

[**REDACTED**]

Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

Principal Banks

Bank of China Shenzhen Dalang Branch
A101, Building 1
Tongfuyu Industrial Park
Huawang Road, Tongsheng Community
Dalang Street
Longhua District
Shenzhen
PRC

Agricultural Bank of China Jinxiu Jiangnan Branch
1/F, Phase III Commercial Units
Jinxiu Jiangnan Garden
Renmin South Road
Longhua District
Shenzhen
PRC

China Construction Bank Shenzhen Qinghu Branch
No. 7-25 Qingquan Road
Longhua District
Shenzhen
PRC

*The information and statistics set out in this section and other sections of this document were extracted from a report prepared by China Insights Consultancy ("**CIC**"), which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the* [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors, employees, agents or advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF 3D CREATIVE INDUSTRY

With the integration and breakthroughs of cutting-edge technologies such as AI and intelligent manufacturing, humanity is entering an era of "universal creativity", characterized by personalized expression and distributed production. In this context, the 3D creative industry has evolved into a new stage of application and development. The 3D creative industry comprises products and services used for the creation of 3D physical and virtual objects, including consumer 3D printing, 3D scanning and laser engraving.

For decades, centralized factory-based manufacturing has underpinned the mass supply of standardized goods. However, this model is increasingly challenged by structural shifts in consumer demand towards highly personalized and customized products, and global supply chain dynamics characterized by rising complexity, higher costs, and longer lead times, particularly in developed economies. Against this backdrop, distributed manufacturing is gaining traction as a new paradigm. This model emphasizes distributed, small-batch, and flexible production with quicker responsiveness and greater adaptability.

As the distributed manufacturing model continues to mature, 3D creation is evolving from a specialized capability possessed by the few to a foundational capability accessible to the broader public, ushering in a new era of mass participation. Looking ahead, distributed production is expected to unlock significant value in the consumer manufacturing sector. A mere 1% penetration rate in the global consumer manufacturing market would already unlock hundreds of billions dollars' worth of corresponding addressable market. This shift is further supported by the combined effects of AI-enabled design automation, rising demand for personalization, and the continued maturation of commercial ecosystems and platforms. At the same time, China is home to a substantial proportion of globally competitive 3D creative companies and benefits from a well-developed manufacturing and supply chain infrastructure. Together with a supportive policy environment, these factors reinforce the long-term growth potential of the consumer 3D printing industry.

OVERVIEW OF CONSUMER 3D PRINTING

Consumer 3D printing refers to the use of desktop or small-scale 3D printers by individual consumers, hobbyists, educators, and small businesses for daily creative projects, prototyping, and lightweight commercial applications. Compared with industrial 3D printing, which is also applied in areas such as automotive, aerospace, medical, and architecture, consumer 3D printing differs substantially in printing size, precision and stability, and the complexity of supported materials. The table below sets out a comparison of the key dimensions between consumer and industrial 3D printing.

Dimension	Consumer 3D Printing	Industrial 3D Printing
Target users	Individual consumers, hobbyists, educators, small businesses, engineers, designers, teachers, doctors	Enterprises and professional manufacturers across automotive, aerospace, medical, and architecture
Printer size	Typically less than 0.2 cubic m^3 (600 × 600 × 600 mm)	Approximately 1 cubic m^3
Maximum printing size	Typically less than 0.1 cubic m^3	0.5~1 cubic m^3
Precision & stability	Adequate for prototypes, daily creative projects, educational and design models; moderate stability and accuracy	Ultra-high stability and precision, meeting industrial-grade requirements for end-use parts
Complexity	Suitable for simpler geometries; more limited multi-material compatibility	Capable of highly complex structures, multi-material printing including metals and composites

The consumer 3D printing industry includes 3D printers, consumables, accessories, software and services designed primarily for individual consumers and maker communities. At its core, the consumer 3D printing revolves around 3D printers, which are broadly categorized into two major technologies: fused filament fabrication technology (FFF) and photopolymerization technologies (SLA/DLP/LCD). FFF is generally characterized by simple operation and suitability for larger printing sizes, making it common in education, households, and small business use. Photopolymerization, by contrast, offers higher precision, smoother surface quality, and faster printing speed, and is therefore widely applied in dental, medical, jewelry, and customized small-batch production.

Development Stages of Consumer 3D Printing

Professional Creation (Before 2011). Represented by open-source projects such as RepRap, this phase marked the early stages of technical exploration and proof of concept in consumer 3D printing. The primary users were industry users, printing service providers, and a limited group of technically proficient makers.

Pro-Maker Adoption (2012-2019). With the launch of the first fully-assembled consumer 3D printer — MakerBot Replicator — 3D printing began expanding from niche professional circles to a broader community of hobbyists and individual users. 3D printers became more modular and user-friendly, while product prices continued to decline. Supporting software and model resource platforms started to emerge, enabling users to access, modify, and share 3D models online.

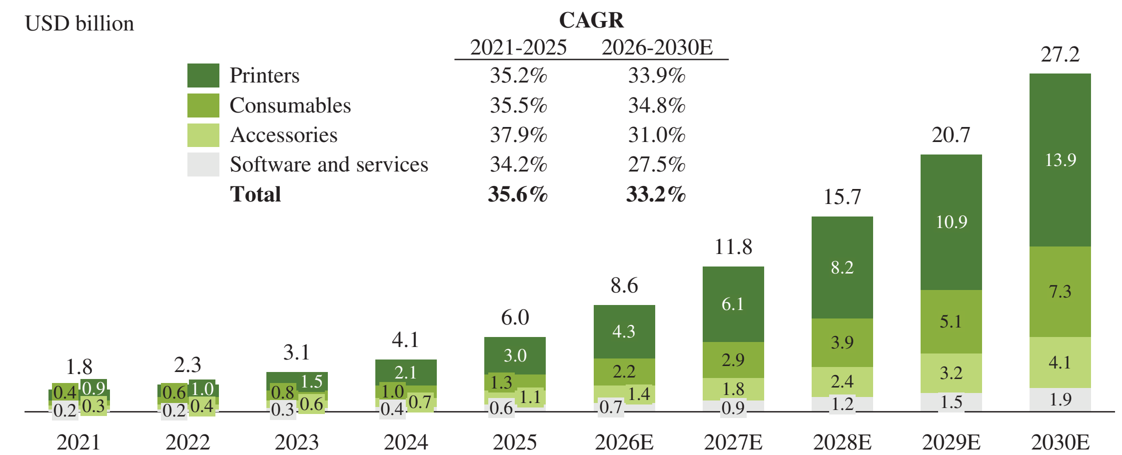
Mass Market Penetration (2020-2027). Over recent years, the rise of generative AI, particularly in text-to-model generation, intelligent slicing, and automated design optimization, greatly reduced the professional threshold for 3D modeling, allowing non-professional users to handily engage in the creative process. In parallel, the rapid development of cloud services and online learning communities has provided abundant resources and peer support, further introducing 3D printing into the daily lives of households and individual creators.

Era of "Universal Creativity" (After 2027). In the future, continued improvements in printing precision, device portability, and intelligent user interfaces, alongside further reductions in entry barriers, are expected to drive the widespread adoption of 3D printing technology. It will become a mainstream tool for consumers to realize personalized expression and on-demand physical customization in everyday life.

Market Size of Global Consumer 3D Printing Industry

Driven by the dual engines of AI advancement and printers' performance enhancement, the consumer 3D printing industry has experienced rapid growth. In 2025, the market size in terms of GMV reached US$6.0 billion, and it is projected to grow to US$27.2 billion by 2030, representing a CAGR of 35.2%. Looking ahead, the growing adoption of AI-enabled modeling and the continued reduction in operational barriers, such as improved software usability and automated printer setup and calibration, are expected to enhance 3D printing performance and reduce barriers to 3D creation. These trends are driving greater consumer demand for 3D printers, accelerating the expansion of both the ownership of 3D printers and 3D printing user base, which in turn serve as key drivers of market growth. By 2030, the global consumer 3D printing market is expected to reach US$27.2 billion, representing a CAGR of 33.2% from 2026 to 2030.

Market size of global consumer 3D printing industry, in terms of GMV, by category, 2021-2030E



Source: CIC

Note: GMV refers to the value of products and services in the retail market

Looking ahead, with continued advancements in 3D printing technology and materials science, 3D-printed end-products are gaining increasing recognition from both consumers and the market. In the past, limited penetration of 3D printers and the immaturity of large-scale production technologies kept the 3D printed end-product marketplace at the early stages of commercialization. In 2025, the global market size for 3D printed end-product marketplace remained under US$1.0 billion. However, the total addressable market[1] in 2025 is estimated at approximately US$55.0 billion.

Drivers and Trends

Technological Innovation Benefiting User Experience. Rapid advancements in AI are enhancing the intelligence and usability of consumer 3D printers, significantly lower the entry barrier and enhance creative efficiency. Meanwhile, continuous improvements in printer design and control systems have led to higher precision, faster print speeds, and more diverse functional integrations.

Accelerating User Penetration. Consumer 3D printers are evolving from niche tools for professionals into widely accessible devices for the general public. The convergence of educational initiatives, digital content platforms, and consumer-oriented product design is accelerating user awareness and adoption. Meanwhile, the growth of 3D content communities, centered around creative sharing and content-driven monetization, is also fostering mass creative engagement.

1 The total addressable market is calculated based on the ownership of 3D printers for end-product printing and the annual GMV contribution per unit, assuming the penetration rate of 3D printers is 100%.

Breakthroughs in Material Science. Continuous progress in materials science is enabling greater functional performance and broader application depth for consumer 3D printing. Printed objects have evolved from simple prototypes to functional parts, home furnishings, fashion accessories, and even small-scale electronic components. For example, the adoption of stronger and more heat-resistant materials such as PETG and nylon filaments allows consumer 3D printers to produce functional household items, such as storage organizers, brackets and tool holders.

Competitive Landscape of the Global Consumer 3D Printer Industry

3D printers serve as the core hardware within the consumer 3D printing industry. In 2025, the global consumer 3D printer market exhibited a high level of concentration among leading players. In terms of GMV, the market exhibits a tiered competitive structure, with the largest player accounting for over 40% of market share, while the remaining top 5 players each hold market shares of around 10%. In addition, competition among the second-tier participants has intensified, with market shares evolving and certain emerging players gaining share. In terms of GMV in 2025, our Company ranked as the second-largest consumer 3D printer company globally, with a 11.2% market share. The table below demonstrates the competitive landscape of the global consumer 3D printer market from 2021 to 2025.

Competitive landscape of the global consumer 3D printer industry, 2025

Ranking	Company	Consumer 3D printer GMV, million USD, 2025	Market share, in terms of GMV, %
1	Company A	~1,300	42.7%
2	**Creality**	**~340**	**11.2%**
3	Company B	~280	9.2%
4	Company C	~270	8.9%
5	Company D	~250	8.2%

Source: CIC

Notes:

The Company also ranked second globally in the consumer 3D printer industry in terms of GMV in 2023 and 2024, with market shares of 15.4% and 11.1%, respectively.

(1) Company A is a consumer technology company founded in China in 2020. It primarily focuses on 3D printers, consumables, accessories and software. It is a private company.

(2) Company B is a 3D creativity technology company founded in China in 2015. It primarily focuses on 3D printers, laser engravers, consumables and accessories. It is a private company.

(3) Company C is a consumer 3D printing technology company founded in China in 2015. It primarily focuses on 3D printers, consumables and accessories. It is a private company.

(4) Company D is a research-driven manufacturer company founded in China in 2011. It primarily focuses on 3D printers, consumables, and software. It is a private company.

Competitive Barriers

Superior R&D Capabilities. Leading players in the consumer 3D printing industry have consistently invested in product design, introducing intelligent features such as auto-leveling, path optimization, and fault detection, and also exploring frontier technologies such as AI-assisted modeling, intelligent calibration, and image recognition. This ongoing, iterative R&D capability constitutes a critical barrier that is difficult for new entrants to replicate in the short term.

Comprehensive Product Ecosystem. Market leaders have developed a multi-tiered product matrix covering entry-level to professional-grade printers. This vertically segmented and horizontally diverse product layout meets the differentiated needs of various user groups in terms of functionality, performance, and budget.

Robust Supply Chain Capabilities. Consumer 3D printing players generally maintain an integrated supply chain that spans R&D, manufacturing, quality control, and distribution. Leading players are able to achieve efficient manufacturing and reliable delivery, while flexibly accommodating personalized and small-batch orders.

Diversified Channel Strategy. Industry leaders have built comprehensive omnichannel distribution networks encompassing online platforms, e-commerce, offline retail, regional distributors, and educational partnerships. These channels enable rapid customer acquisition and precise user conversion.

Remarkable Brand Recognition. In the consumer 3D printing market, top players have established strong brand recognition and user loyalty through sustained user base growth and positive brand reputation. This brand effect contributes to higher conversion and repurchase rates while significantly reducing customer acquisition costs.

Price analysis of Consumer 3D printers

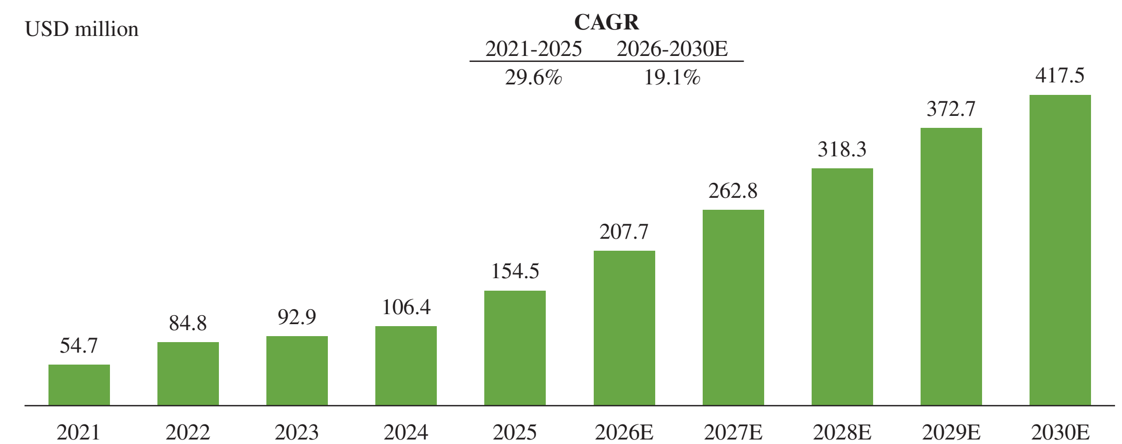
According to CIC, the ASP of consumer 3D printers increased from approximately USD350 per unit in 2020 to USD500 in 2024, and is projected to further rise to USD650 in 2029, reflecting a steady upward trajectory driven by continuous technological progress and consumers' growing willingness to invest in higher-performance products. In recent years, leading market participants, including our Company, have introduced models with enhanced functionalities, greater precision, and more user-friendly interfaces, thereby raising the overall value proposition and accelerating market acceptance of premium-priced products. Looking ahead, the direction of industry competition will hinge on which players are able to sustain innovation and deliver differentiated technological breakthroughs, thereby shaping long-term market leadership and supporting further ASP growth.

OVERVIEW OF CONSUMER 3D SCANNING

3D scanning is a critical entry point to the 3D creative industry, making 3D creation accessible to everyday users. It significantly lowers the barrier to digital creation by enabling users to capture high-precision geometric and texture data of physical objects without the need for complex modeling skills. It facilitates the efficient acquisition and reuse of 3D assets across education, healthcare, metaverse, manufacturing, product design, game modeling, and other application scenarios.

The market size of consumer 3D scanner in terms of GMV reached US$154.5 million in 2025 and are projected to grow to US$417.5 million by 2030, representing a CAGR of 19.1% from 2026 to 2030.

Market size of global consumer 3D scanner industry, in terms of GMV, 2021-2030E



Source: CIC

Competitive Landscape of the Global Consumer 3D Scanner Industry

The global consumer 3D scanner industry is highly concentrated among top players. In 2025, the top three consumer 3D scanner companies accounted for approximately 90% of total GMV. In 2025, our Company ranked first among global consumer 3D scanner companies, with a market share of 45.3% by GMV. The table below demonstrates the competitive landscape of the global consumer 3D scanner industry in 2025.

Competitive landscape of global consumer 3D scanner industry, 2025

Ranking	Company	Consumer 3D scanner GMV, USD million, 2025	Market share, in terms of GMV, %
1	**Creality**	**~70**	**45.3%**
2	Company E	~45	29.1%
3	Company F	~30	19.4%

Source: CIC

Notes:

(1) Company E is a 3D technology company founded in China in 2014. It primarily focuses on 3D scanners and 3D cameras. It is a private company.

(2) Company F is a 3D digitizing solution provider founded in China in 2004. It primarily focuses on high-precision 3D scanners and automated imaging and measurement systems, with a dedicated focus on industrial metrology and dental digitalization. It is a listed company on the Beijing Stock Exchange.

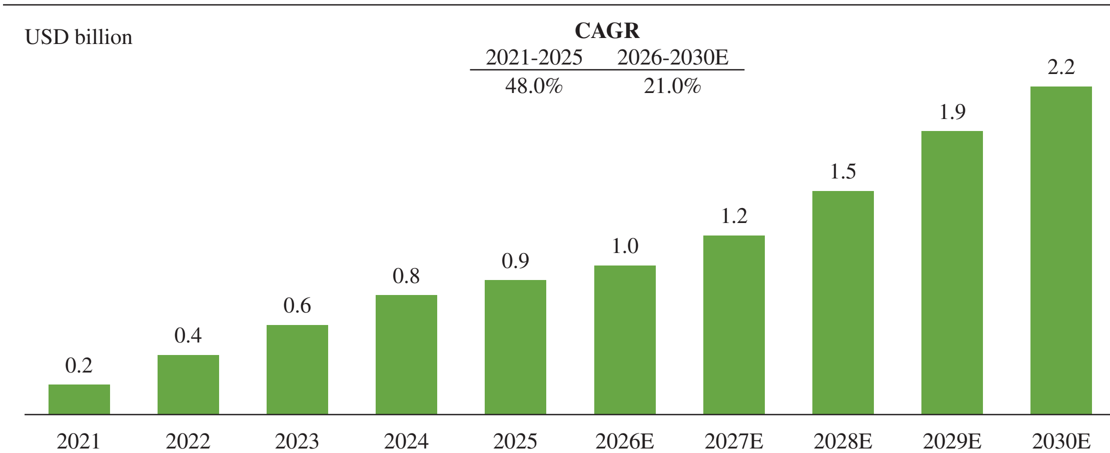
OVERVIEW OF CONSUMER LASER ENGRAVING

Laser engraving refers to a digital fabrication process that enables precise cutting, engraving, and surface etching on a variety of materials including wood, leather, metal and plastic. As the core equipment, the laser engravers enable non-contact rendering of complex patterns and delicate textures, supporting both artistic expression and functional processing.

Consumer laser engraving is developing in close synergy with 3D printing. While 3D printing relies on additive manufacturing, laser engraving employs subtractive techniques to remove material with high precision. Benefiting from their complementarity, an increasing number of users are adopting both types of equipment to address diverse creative demands and unlock greater flexibility in 3D creativity.

The market size of consumer laser engraver in terms of GMV reached US$0.9 billion in 2025 and are expected to grow to US$2.2 billion by 2030, representing a CAGR of 21.0% from 2026 to 2030.

Market size of global consumer laser engraver industry, in terms of GMV, 2021-2030E



Source: CIC

Competitive Landscape of the Global Consumer Laser Engraver Industry

In terms of GMV, the market exhibits exhibits a tiered competitive structure, with the largest player accounting for over 40% of market share, while the remaining top 5 players each hold market shares of around 10%. In addition, competition among the second-tier participants has intensified, with market shares evolving and certain emerging players gaining share. In 2025, our Company ranked fourth globally among consumer laser engraver companies, with a market share of 4.8% by GMV. The table below demonstrates the competitive landscape of the global consumer laser engraver market in 2025.

Competitive landscape of global consumer laser engraver industry, 2025

Ranking	Company	Consumer laser engraver GMV, USD million, 2025	Market share, in terms of GMV, %
1	Company G	~430	46.2%
2	Company H	~60	6.5%
3	Company I	~50	5.4%
4	Company J	~45	4.8%
4	**Creality**	**~45**	**4.8%**

Source: CIC

Notes:

The Company ranked third globally in the consumer laser engraver industry in terms of GMV in 2024, with market shares of 3.5%.

(1) Company G is a consumer laser engravers and STEAM education company founded in China in 2013. It primarily focuses on laser engravers and consumables. It is a private company.

(2) Company H is a laser engraving and cutting equipment provider founded in the United States in 2020. It mainly focuses on CO_2 laser engravers, fiber laser markers and complete digital fabrication solutions for both industrial and consumer applications. It is an unlisted company.

(3) Company I is a engraving and milling equipment manufacturer established in China in 1992. It specializes in mechatronics CNC engraving machines, precision carving systems and multi-series processing equipment widely used in advertising, metal processing, lock manufacturing and woodworking industries. It is an unlisted company.

(4) Company J is a consumer-grade smart laser cutting and engraving solution provider founded in China in 2023. It focuses on desktop laser machines for household, education and cross-border e-commerce scenarios. It is an unlisted company.

SOURCE OF INFORMATION AND RESEARCH METHODOLOGY

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on the global 3D creative industry, and other related economic data, at a fee of RMB1,120,000. The commissioned report has been prepared by CIC independently without the influence from our Company or other interested parties. CIC offers industry consulting services, commercial due diligence and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as automotive, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, TMT and transportation, CIC possesses the most relevant and insightful market intelligence in these sectors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. We have also referred to certain information in the "Summary," "Risk Factors," "Business," and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources, such as the National Bureau of Statistics and General Administration of Customs of the PRC. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers, including the expansion of global 3D creative industry, the continuous technological empowerment by AI and other innovations, as well as rising demand for personalization and supportive policies, are expected to continue driving market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.

OVERVIEW

This section sets out a summary of the major relevant laws, regulations, rules and policies which may have a material impact on our business.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business and operations. This section sets out a summary of relevant laws and regulations that may have material impact on our business activities and operations.

Regulations on Company Establishment

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress ("SCNPC") on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the Company Law of the PRC.

Regulations on Exportation of Goods

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and implemented on July 1, 1994, and subsequently revised on April 6, 2004, November 7, 2016, and December 30, 2022, and last amended on December 27, 2025 and came into effect on March 1, 2026, foreign traders engaging in import and export of goods or technology shall submit documents and material related to its foreign trade activities to the relevant departments in accordance with the provisions of the foreign trade department of the State Council or other relevant State Council departments in accordance with the law.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017 and April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Regulations on Product Quality

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), promulgated by the National People's Congress of the PRC on May 28, 2020, and became effective on January 1, 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

Regulations on Production Safety, Environmental Protection and Energy Conservation Review

Production Safety

According to the WorkSafety Law of the PRC (《中華人民共和國安全生產法》, the "Work Safety Law"), which was last amended by SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the WorkSafety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety.

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》, the "Environmental Protection Law"), which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

Regulations on Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and took effect on the same day, the emergency management department under the State Council and the emergency management department under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction must comply with national technical standards for fire protection in construction projects.

Regulations on Value-Added Telecommunications Services, Internet Content Services, and Mobile Application Information Services

Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (中華人民共和國電信條例) (the "Telecommunications Regulations"), promulgated on September 25, 2000 by the State Council and most recently amended on February 6, 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licences prior to the commencement of its operation. The Telecommunications Regulations categorize all telecommunication services in China as either basic telecommunications services or value-added telecommunications services and operators of value-added telecommunications services shall obtain value-added telecommunications business operation licenses from the Ministry of Industry and Information Technology (the "MIIT") or its provincial branches prior to the commencement of such services.

Internet Information Service

Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended on January 8, 2011 and December 6, 2024, "internet information services" refers to the provision of information through the internet to online users, and they are categorised into "commercial internet information services" and "non-commercial internet information services." A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. No ICP License is required if the operator will only provide internet information on a noncommercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration.

As of the Latest Practicable Date, we have not conduct any of the value-added telecommunications services including but not limited to the commercial internet information services on mobile internet applications, thus our PRC Legal Advisor is of the view that, we are not required to obtain a Value-added Telecommunications Business Operations License for our operations in the PRC. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties for violations of laws or regulations related to internet information service.

Mobile Application Information Services

The provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the "Mobile Application Administrative Provisions," 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on June 28, 2016 and took effect on August 1, 2016, as last amended on August 1, 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and ensuring information security.

Regulations on Advertising

The SAMR is the government agency responsible for regulating advertising activities in the PRC. On October 27, 1994, the SCNPC enacted the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "Advertising Law"), which became effective on February 1, 1995 and was last amended on April 29, 2021. The Advertising Law increases the potential legal liability of providers of advertising services, and includes provisions intended to strengthen the identification of false advertising and the power of governmental authorities. Pursuant to the Advertising Law, relevant PRC laws on advertisement require advertisers, advertising operators, and advertising distributors to ensure that the content of the advertisements they produce or distribute is true and in full compliance with applicable laws and regulations and shall not contain wordings such as "national level", "highest level" and "best". Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. An Internet advertisement shall be recognizable and enable consumers to identify it as an advertisement. The administrator of a public place, an operator of a telecommunications business, or an Internet information service provider shall stop the sending or publishing of illegal advertisements through the public place or information transmission or release platform that it knows or should have known.

Regulations on Data Security and Privacy Protection

Data Security

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") and become effective as of June 1, 2017, as last amended on October 28, 2025, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organisations and individuals carrying out data activities and implementing data security protection responsibility.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

Privacy Protection

Pursuant to the Civil Code, personal information of a natural person shall be protected by the law. Any organisation or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language, and to prevent unauthorised access and personal information leakage, tampering, and loss.

Regulations on Leasing

According to the PRC Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

Regulations on Intellectual Property

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law. Based on (i) we have not signed any agreement with our employee or our employee have not committed to give up paying their social insurance, and (ii) our employees have the legal right to terminate the labor contract and claim economic compensation in accordance with the Labor Contract Law being effective since 2012, instead of the aforementioned regulation, which will not result in the Group assuming any additional liability for compensation, as advised by our PRC Legal Advisor, the aforementioned regulation will not have material adverse impact on our business operations and financial position.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

Regulations on Foreign Investment

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign — funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2025 edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Catalogue**")), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**")), amended on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce of the PRC (the "**MOFCOM**"). According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

Regulations on overseas investment

The Administrative Measures for Outbound Investment Management (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014. As defined by the Measures for Overseas Investment Management, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or sensitive industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration. Local enterprises shall file with the provincial commercial administration authorities where they are located. The qualified enterprises will be put into record and granted with Overseas Investment Certificate for Enterprise by the relevant provincial commercial administration authorities.

The Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by way of contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment project, reporting relevant information and cooperating with the supervision and inspection.

Regulations on Securities and Overseas Listings

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE U.S.

Businesses operating in the United States are subject to a variety of federal, state, and local laws and regulations (the "**U.S. Regulations**"). The U.S. Regulations expected to be material to our operations include those relating to, among others, product safety, product liability, data privacy, and customs and import procedures.

Product Safety. U.S. product safety regulation is primarily administered by the U.S. Consumer Product Safety Commission (the "**CPSC**") under the Consumer Product Safety Act of 1972, as amended (the "**CPSA**"), as further amended by the U.S. Consumer Product Safety Improvement Act of 2008 ("**CPSIA**"). Noncompliant imported products may be confiscated, and importers and/or distributors may face civil penalties and fines and possible criminal prosecution. CPSIA generally requires a "general conformity certification" for covered imported consumer products, based on testing, accompanying shipments and provided to distributors, retailers, CBP, and the CPSC upon request. Section 15 reporting may be required, and the CPSC may mandate cessation, notice, and corrective actions (including recall/refund).

Proposition 65. California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("**Prop 65**") requires warnings to California consumers regarding the presence of more than 900 chemicals known to cause cancer and/or reproductive toxicity. The law is highly technical, evolving, and actively enforced by government and private actions. It requires a "clear and reasonable warning" before exposures to listed chemicals and specifies requirements for warning form, content, and placement. Prop 65 broadly applies to companies manufacturing, importing, distributing, or selling products in California (including online) or with a physical presence in California. California's Office of Environmental Health Hazard Assessment has adopted an amendment allowing notice to an authorized agent for the business receiving the product (the next business in line) or to the authorized agent for the retail seller; careful compliance and advance auditing may help avoid litigation, penalties, reputational harm, business disruption, and recalls.

Data Privacy. We are subject to U.S. laws and regulations involving privacy, data protection and personal information, data security, and data retention and deletion, including federal, state, and applicable foreign laws. These requirements are evolving, may be enforced by private parties and government entities, and their application, interpretation, and enforcement can be uncertain and inconsistent across jurisdictions and with our current policies and practices.

Product Liability. U.S. state law generally imposes liability across the supply chain for injuries from unsafe, defective, or dangerous products. Claims are typically based on strict liability, negligence, and breach of warranty, and may also involve obligations to remedy defects, including recalls. Defects may be design, manufacturing, or marketing-related; outcomes and potential damages are inherently unpredictable.

Import Tariffs and Customs Regulations/Trade Sanctions. CBP-administered customs regulations govern valuation, classification, record keeping, entry formalities, and duties and tariffs. Tariff rates are generally set forth in the Harmonized Tariff Schedule of the United States ("**HTSUS**"), while embargoes, anti-dumping duties, countervailing duties, and other measures may arise outside the HTSUS and change via regulation or administrative action. Section 201 and Section 301 of the Trade Act of 1974 authorize the U.S. to raise duties or impose non-tariff barriers and to take enforcement actions (including retaliation) without waiting for World Trade Organization authorization. U.S.-China trade policy has resulted in significant additional tariffs that continue to evolve. Section 301 (Sections 301–310, 19 U.S.C. §§ 2411–2420) authorizes the USTR to impose duties and other remedies; in August 2017 the USTR found certain Chinese practices unreasonable or discriminatory and imposed additional tariffs of 7.5% to 25.0% on approximately $370 billion of imports from China. On May 14, 2024, the USTR announced Section 301 "necessity review" results, including no reductions or eliminations of Section 301 tariffs and increased tariff rates for certain critical sectors (including steel and aluminum, semiconductors, EVs, lithium-ion EV batteries, and certain mineral and medical products).

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GERMANY

Sales and Contract Law. Sales of goods are governed by the German Civil Code (Bürgerliches Gesetzbuch, BGB), especially §§ 433 ff. on sales contracts. In B2B transactions between merchants, the German Commercial Code (Handelsgesetzbuch, HGB) modifies and supplements these rules. Warranty rights arise if a product is defective at transfer of risk; the buyer can request cure and, under conditions, reduction, rescission or damages. Recent reforms implement the EU Goods Directive and the Digital Content Directive, with specific regimes for digital products (Sections 327 et seq., 475a et seq. BGB). Contractual terms must comply with strict German rules on general terms and conditions (Sections 305 et seq. BGB); invalid clauses are replaced by statutory law but do not invalidate the entire contract.

Consumer, Distance Selling and E-Commerce Law. For consumer sales (§ 474 BGB), the law is stricter in favour of the buyer, including additional rights and mandatory provisions, also for contracts combining goods and services. Distance contracts and online sales are regulated by §§ 312-312k BGB and Arts. 246a/b EGBGB, implementing the Consumer Rights Directive and the E-Commerce Directive. Key elements are pre-contractual information duties, regulation of distance contracts (incl. special withdrawal rights,) and rules on electronic commerce, such as clear information on seller identity, total price (including shipping), and the "order button" requirement. The German Digital Services Act (DDG), Telecommunications Act (TKG) and Telecommunications-Digital-Services-Data-Protection Act (TDDDG) further regulate online-service providers, including imprint obligations and transparency duties that also apply to foreign providers targeting German users.

Product Safety, Compliance and Liability. Products placed on the German market must be safe and accompanied by adequate instructions, warnings and labels. This is ensured by the Product Safety Act (Produktsicherheitsgesetz, ProdSG), specific product safety regulations, the Market Surveillance Act (Marktüberwachungsgesetz, MüG) and EU Regulation 2019/1020, as updated by the new General Product Safety Regulation (EU) 2023/988. Non-compliant products may not be distributed; these rules are mandatory. A robust product compliance organisation is required before market entry. Liability for defective products can fall on seller, producer, or both, under the Product Liability Act (Produkthaftungsgesetz, ProdHaftG), the BGB and special statutes. Buyers have warranty rights under sales law; sellers may have recourse against producers. Guarantees must meet strict formal and content requirements and be provided on a durable medium.

Data Security and Privacy. Data security and protection of electronic communications are governed by the GDPR, the Federal Data Protection Act (BDSG) and the TDDDG. Controllers must implement appropriate technical and organisational measures (access control, encryption, monitoring, incident response) to ensure confidentiality, integrity and availability of personal and communication data. GDPR principles apply throughout; violations can lead to data subject claims and regulatory action.

Advertising Law. Advertising and marketing (including online promotions and pricing) are regulated by the Unfair Commercial Practices Directive and the Misleading and Comparative Advertising Directive, implemented in Germany through the Act Against Unfair Competition (UWG). Commercial practices must be truthful, non-misleading and clearly recognisable as advertising. Use of cookies and similar technologies for personalised advertising requires valid consent and transparency under GDPR and TDDDG.

Intellectual Property and Trade Defence. Trademarks are protected under the EU Trade Mark Regulation and the German Trade Mark Act; designs under the Community Design Regulation and the German Design Act; technical inventions via European or German patents and utility models. Online content and domain names are also protected, with disputes handled under UDRP or national courts. Finally, EU trade defence law (anti-dumping, anti-subsidy and safeguard measures) may apply to imported goods, with investigations and measures imposed by the European Commission for all 27 Member States.

SANCTIONS LAWS AND REGULATIONS

This summary of the sanction regime does not intend to set out the laws and regulations relating to the U.S., the European Union, the UK, the United Nations and Australian sanctions in their entirety.

U.S. OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List.

United Nations. The United Nations Security Council (the ''UNSC'') can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter, including imposing United Nations sanctions thereunder. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. There are

14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

European Union. Under European Union sanction measures, there is no ''blanket'' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories. As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia. The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

LAWS AND REGULATIONS IN HONG KONG

This section provides a non-exhaustive summary of relevant Hong Kong laws and regulations and is qualified in its entirety by the detailed overview in Appendix V in this document.

Business Registration Ordinance (Cap. 310) (the "BRO"). The BRO regulates the registration of business in Hong Kong.

Inland Revenue Ordinance (Cap. 112) (the "IRO"). The IRO regulates taxation in Hong Kong, establishing a territorial-based system that charges tax on profits, property, and earnings arising in or derived from Hong Kong.

Personal Data (Privacy) Ordinance (Cap. 486) (the "PDPO"). The PDPO establishes a data protection regime to protect the privacy of individuals in relation to personal data and related matters.

Trade Descriptions Ordinance (Cap. 362) (the "TDO"). The TDO regulates, inter alia, the prohibition of false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods and prohibit false trade descriptions in respect of services supplied by traders.

Employment. The primary legislation governing employment in Hong Kong is the Employment Ordinance (Cap. 57), which provides for the protection of the wages of employees, and regulates the general conditions of employment and employment agencies, and related matters. Other key legislation includes the Employees' Compensation Ordinance (Cap. 282), Minimum Wage Ordinance (Cap. 608), and the Mandatory Provident Fund Schemes Ordinance (Cap. 485).

Sale of Goods. Laws and regulations on the sale of goods are provided in legislation as well as common law. The Sale of Goods Ordinance (Cap. 26) codifies the law relating to the sale of goods and provides that the seller of goods shall have an implied right to sell the goods and that the goods for sale shall be of merchantable quality, fit for their purposes, as described on the package or a display sign or by the seller and correspond with the sample.

The Sale of Goods (United Nations Convention) Ordinance (Cap. 641) implemented the United Nations Convention on Contracts for the International Sale of Goods (the "CISG"). If there are differences between the CISG and relevant existing laws of Hong Kong, the relevant provisions of the CISG shall have overriding effect.

Consumer Goods Safety and Electrical Products Safety. The Consumer Goods Safety Ordinance (Cap. 456) imposes a duty on manufacturers, importers and suppliers of certain consumer goods to ensure that the consumer goods they supply are safe and for incidental purposes.

The Electricity Ordinance (Cap. 406) and its subsidiary regulations impose a duty on suppliers to ensure that the electrical products supplied comply with the prescribed safety requirements, including the issuance of relevant certification.

Intellectual Property. The Trade Marks Ordinance (Cap. 559) provides for the registration of trade marks and connected matters; whilst the Copyright Ordinance (Cap. 528) makes provisions in respect of copyright and related rights.

Importation and Exportation of Goods. The Import and Export Ordinance (Cap. 60) and its subsidiary regulations provide for the regulation and control of the import and export of articles into and out of Hong Kong, the handling and carriage of articles within Hong Kong, and related matters.

Operation of Online Platforms. Other legislation relevant to the operation of online platforms include, amongst others, the Electronic Transactions Ordinance (Cap. 553), the Unsolicited Electronic Messages Ordinance (Cap. 593) and the Control of Obscene and Indecent Articles Ordinance (Cap. 390).

OVERVIEW

The history of our Company can be traced back to April 2014, when our Company was established as a limited liability company under the laws of the PRC. Founded by Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, our Company has evolved into a global consumer 3D printing product and service provider. For details of the biographies of our Founders, please refer to the section headed "Directors and Senior Management" in this document. In June 2021, our Company was converted into a joint stock limited company and renamed as Shenzhen Creality 3D Technology Co., Ltd. (深圳市創想三維科技股份有限公司).

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2014	We were established in the PRC by our Founders under the name of Shenzhen Bolingda Technology Co., Ltd. (深圳市博領達科技有限公司), our predecessor, and explored into 3D printing.
2015	Our CR-7 achieved mass production, marking our breakthrough in the market.
	Our successfully-developed CR-8 nearly doubled the printing precision and speed, which was well received by the market.
2016	We launched our flagship product, CR-10, which was developed independently by us.
2017	We launched a new series, *Ender*, which quickly gained global popularity, marking the beginning of a rapid growth phase in our global sales.
2020	We entered into a collaboration agreement with the Wuhan municipal government to establish a 3D printing industrial project.
	We achieved a major milestone with annual revenue surpassing RMB1 billion.
	Our *Creality Cloud* was officially launched.
2021	We were converted into a joint stock company.
	We raised a total of RMB508.5 million in Series A financing.

Year	Event
2022	We strategically launched a new overseas direct-to-customer e-commerce website.
	We opened our first physical 3D printing experience center in Shenzhen, Guangdong Province, PRC.
2023	Our 80,000 sq.m. manufacturing facility in Wuhan officially commenced trial production.
	K1 series, our flagship series of high-performance 3D printer, debuted.
2024	Our manufacturing facility in Huizhou, Guangdong Province, commenced trial operations, expanding the Group's total production area to exceed 260,000 sq.m. and further enhancing our production capabilities.
	We launched our signature multi-color 3D printers, K2 plus, marking another breakthrough in product innovation.
2025	We upgraded our brand and built a new brand with our *Creality Cloud*, achieving over 4 million registered users and hosting over 1.5 million 3D models for the first time.
	We continued to invest in research and development, with over 900 authorized patents worldwide.
	We launched *Nexbie*, a platform focusing on providing 3D printing innovative products and services.

OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment and commencement of business of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Hubei Creality	PRC	July 28, 2020	100%	R&D and manufacturing
Huizhou Creality . . .	PRC	December 1, 2020	100%	R&D and manufacturing
Piocreat 3D Shenzhen	PRC	November 11, 2015	100%	R&D, manufacturing and sales

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Creality Eco	PRC	November 22, 2017	100%	R&D, manufacturing and sales
Creality HK	Hong Kong	July 4, 2019	100%	Sales and marketing
Creality Germany	Germany	February 22, 2022	100%	Sales and marketing
Creality U.S.	U.S.	November 30, 2021	100%	Sales and marketing

As of the Latest Practicable Date, our Company had 22 subsidiaries. For further details of these subsidiaries, see "— Corporate Structure" in this section. For changes in the registered capital of our subsidiaries, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" in Appendix VII to this document.

OUR OPERATING ENTITIES AND CORPORATE DEVELOPMENT

As of the Latest Practicable Date, we carried out our business primarily through our Company and our Major Subsidiaries.

Early History of Our Company

Our Company was established on April 3, 2014, under the laws of the PRC as a limited liability company under the name of Shenzhen Bolingda Technology Co., Ltd. (深圳市博領達科技有限公司) with an initial registered capital of RMB1.0 million, which was contributed by Mr. Ao and Mr. Liu as to 50% and 50%, respectively.

On January 15, 2015, Mr. Ao and Mr. Liu entered into an equity transfer agreement with Mr. Chen and Mr. Tang, pursuant to which each of Mr. Ao and Mr. Liu transferred 25% of equity interests in our Company to Mr. Chen and Mr. Tang, at a consideration of RMB1, respectively. The consideration was determined based on nominal value as no share capital had been not paid up at the time. The equity transfer was completed on January 23, 2015. Upon completion of such equity transfer, our Company, with a total registered capital of RMB1,000,000, was held by Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, as to 25%, 25%, 25% and 25%, respectively.

On March 24, 2016, as approved by the then Shareholders, each of the Founders subscribed an additional RMB500,000 at a consideration of RMB500,000. The consideration was determined after arm's length negotiations and based on the nominal value of our Shares, which were fully settled as of June 2017. Upon completion of such capital increase, the total share capital of our Company increased from RMB1.0 million to RMB3.0 million, and our Company was owned by each of our Founders as to 25%.

On November 30, 2017, as approved by the then Shareholders, each of the Founders subscribed an additional RMB1,750,000, at a consideration of RMB1,750,000, respectively. The consideration was determined after arm's length negotiations and based on the nominal value of our Shares, which were fully settled as of January 2018. Upon completion of such capital increase, the total share capital of our Company increased from RMB3.0 million to RMB10.0 million, and the equity interests in our Company owned by our Founders remained unchanged.

Restructuring and Establishment of Shareholding Platforms

From January 2018 to July 2020, to optimize the corporate structure, our Founders and their respective spouses established Longge'er Investment, Creality Industrial, Creality Chuangwei and Creality Chuangtou, respectively, as their shareholding platforms. On November 24, 2020, each of our Founders and their respective shareholding platforms, namely, Longge'er Investment, Creality Industrial, Creality Chuangwei and Creality Chuangtou, entered into a capital subscription agreement with our Company, pursuant to which each of our Founders subscribed for RMB9.5 million of our Company's registered capital at a consideration of RMB9.5 million, and each of Longge'er Investment, Creality Industrial, Creality Chuangwei and Creality Chuangtou subscribed for RMB6.0 million of our Company's registered capital at a consideration of RMB6.0 million. The considerations were determined after arm's length negotiations and based on the nominal value of our Shares. The above capital increases in our Company were fully settled and completed as of December 2020, and the registered capital of our Company increased from RMB10.0 million to RMB72.0 million. Upon completion of such capital increases, our Company was equally held by our Founders through themselves and their respective shareholding platforms.

From May 2019 to December 2020, in recognition of the contributions of our employees and to incentivize them to further promote our development, our Founders established Creality 3D LLP, Creality Changsheng, Creality Huida and Creality Yunding, as our ESOP Platforms.

On December 15, 2020, each of the ESOP Platforms subscribed for RMB1.5 million of our Company's registered capital at a consideration of RMB10,500,000, which was funded by our Founders. The considerations were determined after arm's length negotiations and with reference to our Group's business operations and prospects at the time. The above capital increases in our Company were fully settled and completed as of December 2020, and the registered capital of our Company increased from RMB72.0 million to RMB78.0 million. Upon completion of such capital increase, the shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
Mr. Chen	12,000,000	15.38%
Mr. Ao	12,000,000	15.38%

Name of Shareholder	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
Mr. Liu	12,000,000	15.38%
Mr. Tang	12,000,000	15.38%
Longge'er Investment	6,000,000	7.69%
Creality Industrial	6,000,000	7.69%
Creality Chuangwei	6,000,000	7.69%
Creality Chuangtou	6,000,000	7.69%
Creality 3D LLP(1)	1,500,000	1.92%
Creality Changsheng(2)	1,500,000	1.92%
Creality Huida(3)	1,500,000	1.92%
Creality Yunding(4)	1,500,000	1.92%
Total	**78,000,000**	**100%**

Notes:

(1) The general partner of Creality 3D LLP was Mr. FANG Zongdi (方宗棣), our executive Director. For details of the partnership interests of Creality 3D LLP, see "Appendix VII — Statutory and General Information — D. Employee Incentive Plan".

(2) Mr. Tang was the general partner of Creality Changsheng and held 11.72% partnership interests. Each of the remaining 47 limited partners of Creality Changsheng was our employee holding less than 10% partnership interests therein and an Independent Third Party.

(3) Mr. Chen was the general partner of Creality Huida and held 6.51% partnership interests. Each of the remaining 48 limited partners of Creality Huida was our employee holding less than 10% partnership interests therein and an Independent Third Party.

(4) Mr. XIE Wujian (謝武建), our vice general manager, finance director, secretary to the Board and joint company secretary, is the general partner of Creality Yunding. For details of the partnership interests of Creality Yunding, see "Appendix VII — Statutory and General Information — D. Employee Incentive Plan".

Conversion into a Joint Stock Company

On June 17, 2021, our Company was converted into a joint stock company. Upon completion of the conversion, our Company had a total share capital of RMB78,000,000 divided into 78,000,000 Shares. The shareholding structure of our Company remained unchanged.

Series A Financing

On June 24, 2021, our Company, among others, entered into a capital increase agreement with Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("**Qianhai Equity**"), Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥)) ("**Zhongyuan Qianhai**"), Smart Internet Telecom Ark (Shenzhen) Venture Capital Fund Partnership Limited Partnership (智慧互聯電信方舟(深圳)創

業投資基金合夥企業(有限合夥)) ("**Smart IT Ark**"), Wuhan Renzhe Buyou Equity Investment Partnership LP (武漢仁者不憂股權投資合夥企業(有限合夥)) ("**Renzhe Buyou**"), Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司) ("**Tencent VC**"), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("**SCGC**"), Shenzhen Nanshan Hongtu Equity Investment Fund Partnership Limited Partnership (深圳市南山紅土股權投資基金合夥企業(有限合夥)) ("**Nanshan Hongtu**"), Shenzhen Pingshan Kaisheng Integrated Circuit Venture Investment Partnership (Limited Partnership) (深圳坪山凱晟集成電路創業投資合夥企業(有限合夥), formerly known as Shenzhen Zhonghang Pingshan Integrated Circuit Venture Investment Partnership (Limited Partnership) (深圳中航坪山集成電路創業投資合夥企業(有限合夥)) ("**Pingshan Kaisheng**") and Shenzhen Guoxin South No. 4 Investment Partnership Enterprise Limited Partnership (深圳國新南方四號投資合夥企業(有限合夥)) ("**Guoxin South No. 4**") (together, the "**Series A Investors**"), pursuant to which, the Series A Investors subscribed for 6,620,000 Shares in the following manner, at a total consideration of RMB508,482,200 (the "**Series A Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments and our then financial performance and business growth expectation:

Name of Shareholder	Registered capital subscribed for	Percentage of shareholding upon the completion of Series A Financing	Consideration
	(RMB)		*(RMB)*
Qianhai Equity	1,820,000	2.15%	139,794,200
Nanshan Hongtu	1,100,000	1.30%	84,491,000
Tencent VC	970,000	1.15%	74,505,700
SCGC	840,000	0.99%	64,520,400
Pingshan Kaisheng	650,000	0.77%	49,926,500
Smart IT Ark	400,000	0.47%	30,724,000
Zhongyuan Qianhai	390,000	0.46%	29,955,900
Renzhe Buyou	390,000	0.46%	29,955,900
Guoxin South No. 4	60,000	0.07%	4,608,600
Total	**6,620,000**	**7.82%**	**508,482,200**

Upon completion of the Series A Financing, the share capital of our Company increased from RMB78.0 million to RMB84.62 million.

Capitalization of Capital Reserve in 2023

On September 25, 2023, our then Shareholders passed a resolution and approved the capitalization of the capital reserve of RMB279,246,000 of our Company. The capitalization of capital reserve was completed on November 13, 2023. Upon the completion of such capitalization, the registered capital of our Company was increased from RMB84,620,000 to RMB363,866,000.

The Capitalization Issue in 2025

On May 23, 2025, our Shareholders resolved to issue 29,546,551 Shares at nominal value, representing for approximately 7.51% of the total issued and enlarged share capital of our Company, to the Pre-[**REDACTED**] Investors only ("**Capitalization Issue**"), on a *pro rata* basis. The consideration of the Capitalization Issue was settled through capital reserve of our Company. The Capitalization Issue was completed on July 25, 2025. Below is a summary of the Capitalization Issue:

Name of Shareholder	Number of Shares issued pursuant to Capitalization Issue
Qianhai Equity	8,123,070
Zhongyuan Qianhai	1,740,658
Smart IT Ark	1,785,290
Renzhe Buyou	1,740,658
Tencent VC	4,329,328
SCGC	3,749,109
Nanshan Hongtu	4,909,548
Pingshan Kaisheng	2,901,096
Guoxin South No. 4	267,794
Total	**29,546,551**

Upon the completion of such capitalization, the registered capital of our Company was increased from RMB363,866,000 to RMB393,412,551.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the equity transfers, capital increases and share transfers set out above in all material respects, and such equity transfers, capital increases and share transfers were conducted in compliance with the applicable PRC laws and regulations in all material respects.

ESOP PLATFORMS AND EMPLOYEE INCENTIVE PLAN

In recognition of the contributions of our senior management and key personnel and to incentivize them to promote the development of our business, the ESOP Platforms were established as limited partnerships under the laws of the PRC on May 21, 2019, December 2, 2020, December 2, 2020, and December 2, 2020, respectively, as our employee incentive plan platforms.

As of the Latest Practicable Date, the ESOP Platforms collectively held approximately 6.6% of the total issued share capital of our Company. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the ESOP Platforms will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company.

We adopted our employee incentive plan on December 15, 2020, which was amended on June 26, 2023 and June 30, 2025, respectively. Under the Employee Incentive Plan, a total of 47, 47, 48 and 47 awardees have been granted partnership interests of each of the ESOP Platforms, respectively. The Employee Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after the [**REDACTED**]. For further details of the Employee Incentive Plan, see "Statutory and General Information — D. Employee Incentive Plan" in Appendix VII to this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider to be material to us.

ACTING-IN-CONCERT ARRANGEMENT

With a view to establish a consistent action relationship to maintain our Company's long-term stability, effective decision-making, and control, on January 8, 2024, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, entered into an acting-in-concert agreement in relation to voting for corporate matters of our Company (the "**Acting-in-Concert Agreement**"). Pursuant to the Acting-in-Concert Agreement, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang agreed and confirmed that, among other things, they, together with their controlled entities, had been acting in concert since the time when all of them held interests in our Company (i.e., January 2015), and will continue to act in concert, to vote at the general meetings of our Company and meetings of our Board. Prior to exercising voting rights at the Shareholders' meeting or Board level, the parties shall engage in full communication and consultation to reach a unanimous decision. If a consensus cannot be achieved, the parties shall vote on the matter, provided that it does not violate any applicable laws or regulations. Each party shall have one vote, except in cases where a party is required to abstain due to conflict of interests. The resolution shall be determined as follows: (i) if no abstention occurs, the majority vote shall prevail; in case of a tie, the matter shall be deemed rejected; (ii) if one party abstains, the majority of the remaining votes shall decide; (iii) if two parties abstain, only unanimous approval from the remaining votes will be deemed as consent; otherwise, the matter is considered unanimously opposed; and (iv) if three parties abstain, the sole remaining vote shall determine the decision. They have unconditionally agreed to act in full alignment when exercising proposal and voting rights, including through any controlled entities holding indirect shares. The parties further confirmed that there are no disputes, disagreements, or potential conflicts among the parties regarding this concerted action arrangement or its implementation.

The Acting-in-Concert Agreement will expire on the fifth anniversary of the [**REDACTED**], and may be extended under mutual agreements of all parties to the agreement.

PRE-[REDACTED] INVESTMENT

Overview

We received one round of Pre-[**REDACTED**] Investment from the Pre-[**REDACTED**] Investors through subscriptions for increased share capital of our Company since our establishment. For further details, see "— Series A Financing" in this section.

Principal Terms of the Pre-[REDACTED] Investment and Pre-[REDACTED] Investors' Rights

The investment agreement for Series A Financing was entered into on June 24, 2021 and the total consideration was RMB508,482,200, which was fully settled on July 19, 2021. The cost per Share paid to our Company was RMB10.17, representing a premium of [**REDACTED**]% to the [**REDACTED**]. Upon competition of the Series A Financing, the post-money valuation of our Company was RMB4 billion. The post-money valuation of our Company and the basis of the consideration of the Pre-[**REDACTED**] Investment were determined by the relevant Pre-[**REDACTED**] Investors through arm's length negotiations between the parties based on the valuation of our Company at the time of the investment, taking into account the timing of the investment, the background of our founding team, industry prospects and market size, the outlook and growth potential of our Group. The calculation of the post-money valuation of our Company and cost per Share paid to our Company has taken into account the Capitalization Issue to the Pre-[**REDACTED**] Investors. As of the Latest Practicable Date, all of the proceeds from the Pre-[**REDACTED**] Investment has been utilized for the construction of manufacturing facilities in Wuhan and Huizhou.

Pursuant to the applicable PRC law, within the one year from the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) prior to the [**REDACTED**] could not dispose of any of the Shares they currently hold.

Our Directors were of the view that, in addition to providing working capital for our Group's business expansion, our Group could also benefit from the knowledge, experience, and international and global presence of our Pre-[**REDACTED**] Investors. Our Pre-[**REDACTED**] Investors include well-known funds investing in the high-tech companies in emerging industries, which can help us enhance our business synergies, and professional strategic investors, which can provide professional advice on our Group's development and improve our corporate governance, financial reporting and internal controls. The Pre-[**REDACTED**] Investors' investments demonstrated their confidence in the operations and development of our Group and served as an endorsement of our Group's performance, strengths and prospects.

Special Rights of the Pre-[REDACTED] Investors

Pursuant to the Shareholders' agreement entered into among the then Shareholders of our Company on June 24, 2021, and the second Shareholders' agreement entered into among the then Shareholders of our Company on December 29, 2023, together with a supplemental agreement executed on the same date, the Pre-[**REDACTED**] Investors were granted certain customary special rights in relation to our Company and our Controlling Shareholders, including, among others, redemption preference rights, pre-emptive rights, anti-dilution rights, rights of first refusal and co-sale, liquidation rights, Director appointment rights and information rights. The redemption preferences rights of the pre-[**REDACTED**] investors were initially borne by the Company and the Controlling Shareholders. The redemption preference rights in relation to our Company were terminated on December 29, 2023. The Company does not provide any guarantee in respect of the redemption preference rights and there exists no side agreement following the termination of the redemption preference rights granted by the Company in December 2023 save for the third Shareholders' agreement entered into among the Pre-[**REDACTED**] Investors and the Company dated July 25, 2025 (the "**Third Shareholders' Agreement**").

Pursuant to the Third Shareholders' Agreement, the redemption preference rights in relation to our Controlling Shareholders were terminated prior to our first submission of the [**REDACTED**] by our Company to the Stock Exchange for the purpose of the [**REDACTED**]. As such, the redemption preference rights granted by the Controlling Shareholders remain valid until July 2025. All other special rights will terminate upon the completion of the [**REDACTED**] and no special rights granted to the Pre-[**REDACTED**] Investors will survive after the [**REDACTED**]. Considering that the Company is not a party to the redemption preference rights since December 2023, there were no redemption liabilities recognized as of December 31, 2023, 2024 and 2025. Please refer to Note 32 to the Accountant's Report included in Appendix I for further details.

Sole Sponsor's Confirmation

The Sole Sponsor confirms that the Pre-[**REDACTED**] Investment by the Pre-[**REDACTED**] Investors are in compliance with Chapter 4.2 of the Guide published by the Stock Exchange.

Information of Our Pre-[REDACTED] Investors

The background information of the Pre-[**REDACTED**] Investors that were our Shareholders as of the date of this document is set out below.

Qianhai Equity, Zhongyuan Qianhai and Smart IT Ark (collectively, "Qianhai FOF")

Qianhai Equity is a limited partnership established in the PRC and principally engaged in equity investment. It is managed by its general partner and asset manager, Qianhai Ark Assets Management Co., Ltd. (前海方舟資產管理有限公司) ("**Qianhai Ark**"). Qianhai Ark is a limited liability company established in the PRC and is ultimately controlled by Mr. Jin Haitao

(靳海濤), who is currently the chairman of Qianhai Ark, an individual investor and an Independent Third Party. Qianhai Ark is principally engaged in venture capital investment and private equity fund management. As of the Latest Practicable Date, to the best knowledge of our Company, Qianhai Equity had 49 limited partners, the majority of which are government guiding funds, assets management firms, large state-owned insurance companies and financial institutions, each holding less than 30% of limited partnership interest in Qianhai Equity.

The general partner of Zhongyuan Qianhai is Qianhai Ark (Zhengzhou) Venture Capital Management Enterprise (Limited Partnership) (前海方舟(鄭州)創業投資管理企業(有限合夥)), which is in turn controlled and managed by its general partner, Qianhai Ark, which is also the asset manager of Zhongyuan Qianhai. As of the Latest Practicable Date, to the best knowledge of our Company, Zhongyuan Qianhai had 23 limited partners, the majority of which are government guiding funds, assets management firms, large state-owned insurance companies and financial institutions, each holding less than 30% of limited partnership interest in Zhongyuan Qianhai.

Smart IT Ark is a limited partnership established in the PRC which has extensive investment experience covering electronics, smart technology and new resources. As of the Latest Practicable Date, Smart IT Ark was held as to 99% by 19 limited partners and 1% by its general partner ArkLink (Shenzhen) Private Equity Fund Management Partnership (Limited Partnership) (方舟互聯(深圳)私募股權基金管理合夥企業(有限合夥)) ("**ArkLink**"). To the best knowledge of our Company, none of the limited partners of Smart IT Ark held more than 30% of partnership interest therein. ArkLink is owned as to 50.3% by Qianhai Ark as its general partner, 29.7% by China Telecom Group Investment Co., Ltd. (中國電信集團投資有限公司), 10% by China Internet Investment Fund Management Co., Ltd. (中國互聯網投資基金管理有限公司) and 10% by Shenzhen Xinge Internet Information Technology Partnership (Limited Partnership) (深圳信哥互聯信息技術合夥企業(有限合夥)).

As of the Latest Practicable Date, Qianhai FOF was interested in a total of 5.8% of the total issued share capital of our Company.

SCGC and Nanshan Hongtu (collectively, "SCGC Capital")

SCGC is a limited liability company incorporated in the PRC, the largest shareholder of which is State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會) directly and indirectly holding a total of 28.19% equity interest therein. None of the other shareholders of SCGC holds more than 25% equity interest therein.

Nanshan Hongtu is a limited partnership established under the laws of the PRC, the general partner of which is Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd. (深圳市南山紅土股權投資基金管理有限公司), a wholly-owned subsidiary of SGCG Hongtu Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (深創投紅土私募股權投資基金管理(深圳)有限公司) ("**SGCG PE**"). SGCG PE is a wholly-owned subsidiary of SCGC. Shenzhen Hongtu Venture Capital Co., Ltd. (深圳市南山紅土創業投資有限公司), a wholly owned subsidiary of SCGC, and Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), a company wholly owned by the Finance Bureau of Shenzhen (深圳市財政局), as limited partners of Nanshan Hongtu, hold 40% and 35% of partnership interest therein, respectively. Except for Shenzhen Hongtu Venture Capital Co., Ltd. and Shenzhen Guiding Fund Investment Co., Ltd., each of the other four limited partners of Nanshan Hongtu holds less than 30% of the partnership interest in Nanshan Hongtu and is an Independent Third Party.

As of the Latest Practicable Date, SCGC Capital was interested in a total of 4.4% of the total issued share capital of our Company.

Tencent VC

Tencent VC is a limited liability company incorporated in the PRC. It is an indirect wholly-owned subsidiary of Shenzhen Tencent Ruitou Enterprise Management Co., Ltd. (深圳市騰訊睿投企業管理有限公司), which was held as to 50% by Shenzhen Tenglv Enterprise Management Partnership (Limited Partnership) (深圳市籐綠企業管理合夥企業(有限合夥)) ("**Shenzhen Tenglv**") and Shenzhen Tengyuan Enterprise Management Partnership (Limited Partnership) (深圳市藤遠企業管理合夥企業(有限合夥)) ("**Shenzhen Tengyuan**"). Each of Shenzhen Tenglv and Shenzhen Tengyuan was held as to 75% by its general partner, namely Shenzhen Tengqing Enterprise Management Co., Ltd. (深圳市籐青企業管理有限公司) ("**Shenzhen Tengqing**"), 20% by Xu Chenye (許晨曄) and 5% by Lu Shan (盧山). Shenzhen Tengqing was owned by Ma Huateng (馬化騰) and Xu Chenye as to 80% and 20%, respectively. Each of Ma Huateng, Xu Chenye and Lu Shan is an Independent Third Party.

Pingshan Kaisheng

Pingshan Kaisheng is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in the information technology industry. As of the Latest Practicable Date, Pingshan Kaisheng was held as to 99% by six limited partners and 1% by its general partner, namely Kaisheng Nanshan Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (凱晟南山私募股權投資基金管理(深圳)有限公司) ("**Kaisheng Nanshan PE**"). To the best knowledge of our Company, none of the limited partners of Pingshan Kaisheng held more than 30% of partnership interest therein. Kaisheng Nanshan PE is owned as to 35% by Shenzhen Nanshan Heli Investment Management Partnership (Limited Partnership) (深圳南山合力投資管理合夥企業(有限合夥)) ("**Nanshan Heli**") and 33% by AVIC International Investment Co., Ltd. (中航國際投資有限公司) ("**AVIC International Investment**"), 22% by Hunan Amara Technology Co., Ltd. (湖南阿瑪拉科技有限公司), and 10% by Dongguan Qianyuan Investment Consulting Partnership (Limited Partnership) (東莞乾元投資諮詢企業(有限合夥)). Nanshan Heli was ultimately controlled as to 60% by its general partner, namely Chen Chen (陳晨), an Independent Third Party, and none of the limited partners of Nanshan Heli held more than 30% of partnership interest therein. AVIC International Investment was ultimately wholly owned by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

Renzhe Buyou

Renzhe Buyou is a limited partnership established in the PRC which mainly engaged in the investment in supply chain. As of the Latest Practicable Date, Renzhe Buyou was held as to approximately 99% by 19 limited partners and approximately 1% by its general partner Shanghai Buhuo Private Fund Management Co., Ltd. (上海不惑私募基金管理有限公司) ("**Buhuo PE**"). To the best knowledge of our Company, none of the limited partners of Renzhe Buyou held more than 30% of partnership interest therein. Buhuo PE is owned as to 74.25% by Li Zhujie (李祝捷), 24.75% by Yi Jiayu (衣家宇) and 1% by Zhu Yanhui (朱艷慧), each of whom is an Independent Third Party.

Guoxin South No. 4

Guoxin South No. 4 is a limited partnership established in the PRC. As of the Latest Practicable Date, Guoxin South No. 4 was held as to 99.28% by five limited partners and 0.72% by its general partner, namely Shenzhen Guoxin South Intellectual Property Investment Management Co., Ltd. (深圳國新南方知識產權投資管理有限公司) ("**Guoxin South Investment**"). To the best knowledge of our Company, none of the limited partners of Guoxin South No. 4 held more than 30% of partnership interest therein. Guoxin South Investment is owned as to 70% by Shenzhen Jiuhong Tianchuang Technology Development Co., Ltd. (深圳九泓天創科技發展有限公司) ("**Jiuhong Tianchuang**") and 30% by Shenzhen Guoxin South Intellectual Property Operation Co., Ltd. (深圳國新南方知識產權運營有限公司) ("**Guoxin South Operation**"). Jiuhong Tianchuang was held as to 80% by Li Ai'jun (李艾峻) and 20% by Shi Guisheng (石桂生), respectively. Guoxin South Operation was held as to 70% by Li Ai'jun and 30% by Shi Guisheng. Each of Li Ai'jun and Shi Guisheng is an Independent Third Party.

CAPITALIZATION OF OUR COMPANY

The table below sets forth the shareholding structure of our Company immediately before and after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):

	Immediately before the [REDACTED]			Immediately after the [REDACTED]		
Name of Shareholder	Number of Shares	Registered capital subscribed for	Percentage of shareholding	Number of [REDACTED] Shares	Number of H Shares	Percentage of shareholding
		(RMB)				
Controlling Shareholders						
(1) Mr. Chen and his close associates						
Mr. Chen	51,600,000	51,600,000	13.1%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Chuangwei . .	25,800,000	25,800,000	6.6%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Huida	6,450,000	6,450,000	1.6%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**83,850,000**	**83,850,000**	**21.3%**	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Immediately before the [REDACTED] Number of Shares	Registered capital subscribed for	Percentage of shareholding	Immediately after the [REDACTED] Number of [REDACTED] Shares	Number of H Shares	Percentage of shareholding
		(RMB)				
(2) Mr. Ao and his close associate						
Mr. Ao	51,600,000	51,600,000	13.1%	[REDACTED]	[REDACTED]	[REDACTED]
Longge'er Investment	25,800,000	25,800,000	6.6%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**77,400,000**	**77,400,000**	**19.7%**	[REDACTED]	[REDACTED]	[REDACTED]
(3) Mr. Liu and his close associate						
Mr. Liu	51,600,000	51,600,000	13.1%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Industrial	25,800,000	25,800,000	6.6%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**77,400,000**	**77,400,000**	**19.7%**	[REDACTED]	[REDACTED]	[REDACTED]
(4) Mr. Tang and his close associates						
Mr. Tang	51,600,000	51,600,000	13.1%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Chuangtou	25,800,000	25,800,000	6.6%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Changsheng	6,450,000	6,450,000	1.6%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**83,850,000**	**83,850,000**	**21.3%**	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal of the Controlling Shareholders	**322,500,000**	**322,500,000**	**82.0%**	[REDACTED]	[REDACTED]	[REDACTED]
ESOP Platforms (other than Creality Huida and Creality Changsheng)						
Creality 3D LLP	6,450,000	6,450,000	1.6%	[REDACTED]	[REDACTED]	[REDACTED]
Creality Yunding	6,450,000	6,450,000	1.6%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**12,900,000**	**12,900,000**	**3.2%**	[REDACTED]	[REDACTED]	[REDACTED]
Pre-*[REDACTED] *Investors						
(1) Qianhai FOF						
Qianhai Equity	15,949,070	15,949,070	4.0%	[REDACTED]	[REDACTED]	[REDACTED]
Zhongyuan Qianhai	3,417,658	3,417,658	0.9%	[REDACTED]	[REDACTED]	[REDACTED]
Smart IT Ark	3,505,290	3,505,290	0.9%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**22,872,018**	**22,872,018**	**5.8%**	[REDACTED]	[REDACTED]	[REDACTED]
(2) SCGC Capital						
SCGC	7,361,109	7,361,109	1.9%	[REDACTED]	[REDACTED]	[REDACTED]
Nanshan Hongtu	9,639,548	9,639,548	2.5%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**17,000,657**	**17,000,657**	**4.4%**	[REDACTED]	[REDACTED]	[REDACTED]
(3) Other Pre-[REDACTED] *Investors*						
Tencent VC	8,500,328	8,500,328	2.2%	[REDACTED]	[REDACTED]	[REDACTED]
Pingshan Kaisheng	5,696,096	5,696,096	1.4%	[REDACTED]	[REDACTED]	[REDACTED]
Renzhe Buyou	3,417,658	3,417,658	0.9%	[REDACTED]	[REDACTED]	[REDACTED]
Guoxin South No. 4	525,794	525,794	0.1%	[REDACTED]	[REDACTED]	[REDACTED]

	Immediately before the [REDACTED]			Immediately after the [REDACTED]		
Name of Shareholder	Number of Shares	Registered capital subscribed for	Percentage of shareholding	Number of [REDACTED] Shares	Number of H Shares	Percentage of shareholding
		(RMB)				
Subtotal of the Pre-[REDACTED] Investors	58,012,551	58,012,551	14.8%	[REDACTED]	[REDACTED]	[REDACTED]
Other public Shareholders	–	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Total	393,412,551	393,412,551	100%	[REDACTED]	[REDACTED]	100%

Note:

(1) [**REDACTED**] Domestic [**REDACTED**] Shares held by our existing Shareholders will be converted to H Shares upon [**REDACTED**].

FULL CIRCULATION

Our Company has applied for H Share full circulation to convert an aggregate of [**REDACTED**] Domestic [**REDACTED**] Shares held by our existing Shareholders, representing approximately [**REDACTED**]% of the total issued Shares of our Company as of the Latest Practicable Date and approximately [**REDACTED**]% of the total issued Shares of our Company upon completion of the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). For details, please refer to the section headed "Share Capital — Upon Completion of the [**REDACTED**]" in this document.

PUBLIC FLOAT

Based on the [**REDACTED**] range of no less than HK$[**REDACTED**] per Share (being the low-end of the indicative [**REDACTED**]) and no more than HK$[**REDACTED**] per Share (being the high-end of the indicative [**REDACTED**]), the expected [**REDACTED**] of our Company will range from HK$[**REDACTED**] million to HK$[**REDACTED**] million.

Pursuant to Rule 19A.13A of the Listing Rules, the minimum number of H shares held by the public at the time of [**REDACTED**] as a percentage of the total number of shares in the class to which H shares belong is (i) in the case where the expected market value to the class of shares to which H shares belong at the time of [**REDACTED**] does not exceed HK$6,000 million, 25%; or (ii) in the case where the expected market value to the class of shares to which H shares belong at the time of [**REDACTED**] exceeds HK$6,000 million but does not exceed HK$30,000 million, the higher of (a) the percentage that would result in the expected market value of H shares held by the public to be HK$1,500 million at the time of [**REDACTED**]; and (b) 15%. For the purpose of Rule 19A.13A of the Listing Rules, immediately upon the completion of the [**REDACTED**] (assuming the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] is not exercised), the approximate percentage that would result in the expected market value of H Shares held by the public to be HK$[**REDACTED**] is [**REDACTED**]%, [**REDACTED**]%, and [**REDACTED**]%, based on an [**REDACTED**] of HK$[**REDACTED**] per Share (being the low-end of the indicative [**REDACTED**] range), HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range), and HK$[**REDACTED**] per Share (being the high-end of the indicative [**REDACTED**] range), respectively.

Immediately upon completion of the [**REDACTED**] (assuming the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] is not exercised), our Company will have [**REDACTED**] H Shares, among which:

(i) the [**REDACTED**] H Shares held by our Controlling Shareholders to be converted from Domestic [**REDACTED**] Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total [**REDACTED**] Shares upon the completion of the [**REDACTED**]) will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the [**REDACTED**] as such Shares are held by our Controlling Shareholders and therefore constitute Shares held by core connected persons of our Company;

(ii) the [**REDACTED**] H Shares held by Creality 3D LLP and Creality Yunding to be converted from Domestic [**REDACTED**] Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total [**REDACTED**] Shares upon the completion of the [**REDACTED**]) will not be counted towards the public float by virtue of the Note to Rule 8.24 of the Listing Rules;

(iii) the [**REDACTED**] H Shares held by the other Pre-[**REDACTED**] Investors to be converted from Domestic [**REDACTED**] Shares (representing approximately [**REDACTED**]% of our total [**REDACTED**] Shares upon the completion of the [**REDACTED**]), will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the [**REDACTED**] as (i) these entities will not be core connected persons of our Company upon the [**REDACTED**], they are not accustomed to taking instructions from our Company (or any of its subsidiaries) or our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares registered in their names or otherwise held by them; and (ii) their acquisition of Shares has not been financed directly or indirectly by our Company, and

(iv) the [**REDACTED**] H Shares will be [**REDACTED**] pursuant to the [**REDACTED**].

In light of the above, the public float of our Company will be approximately [**REDACTED**]% upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). Therefore, our Company believes that it will comply with the public float requirement under Rule 19A.13A of the Listing Rules.

FREE FLOAT

[Immediately following the completion of the [**REDACTED**], based on the [**REDACTED**] of HK$[**REDACTED**] per Share (being the low-end of the indicative [**REDACTED**]), the Shares held by the public and not subject to any disposal restrictions are expected to have an expected market value at the time of [**REDACTED**] of not less than HK$[**REDACTED**]. Therefore, our Company believes that there will be a free and open market for its Shares immediately upon the completion of the [**REDACTED**] in compliance with the free float requirements under Rule 19A.13C of the Listing Rules.]

PREVIOUS LISTING ATTEMPT

On December 28, 2023, our Company entered into a guidance agreement for the initial public offering on the Shenzhen Stock Exchange (the "**Guidance Agreement**") for the purposes of exploring the opportunity of establishing a capital market platform and receiving guidance from China International Capital Corporation Limited (中國國際金融股份有限公司), a qualified sponsor of A-share listing (the "**A-share Listing Guidance**"). Along with the development of our business, and considering that the Stock Exchange is an internationally recognized and reputable stock exchange, we subsequently decided to seek to [**REDACTED**] our H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our business, to provide an overseas fundraising platform for our Company, to further strengthen our brand influence and market awareness, to increase our international presence to further enhance our competitiveness, and to improve the internal governance structure and establish a modern enterprise management system. Therefore, we terminated the Guidance Agreement on August 1, 2025.

Since the execution of the Guidance Agreement and up to the Latest Practicable Date, our Company had not submitted any A-share listing application to the CSRC or any stock exchange in the PRC, and had not received any comments or inquiries from the CSRC, including its local offices or any stock exchange in the PRC in connection with the Guidance Agreement or the A-share Listing Guidance.

To the best of our Directors' knowledge and belief, our Directors are not aware of any disagreements or disputes between the Company and the then relevant professional parties involved in the application for the A-share listing nor any other material matter in relation to the A-share Listing Guidance that needs to be brought to the attention of the Stock Exchange. Based on the due diligence works conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on the reasonableness of the Directors' view stated above.

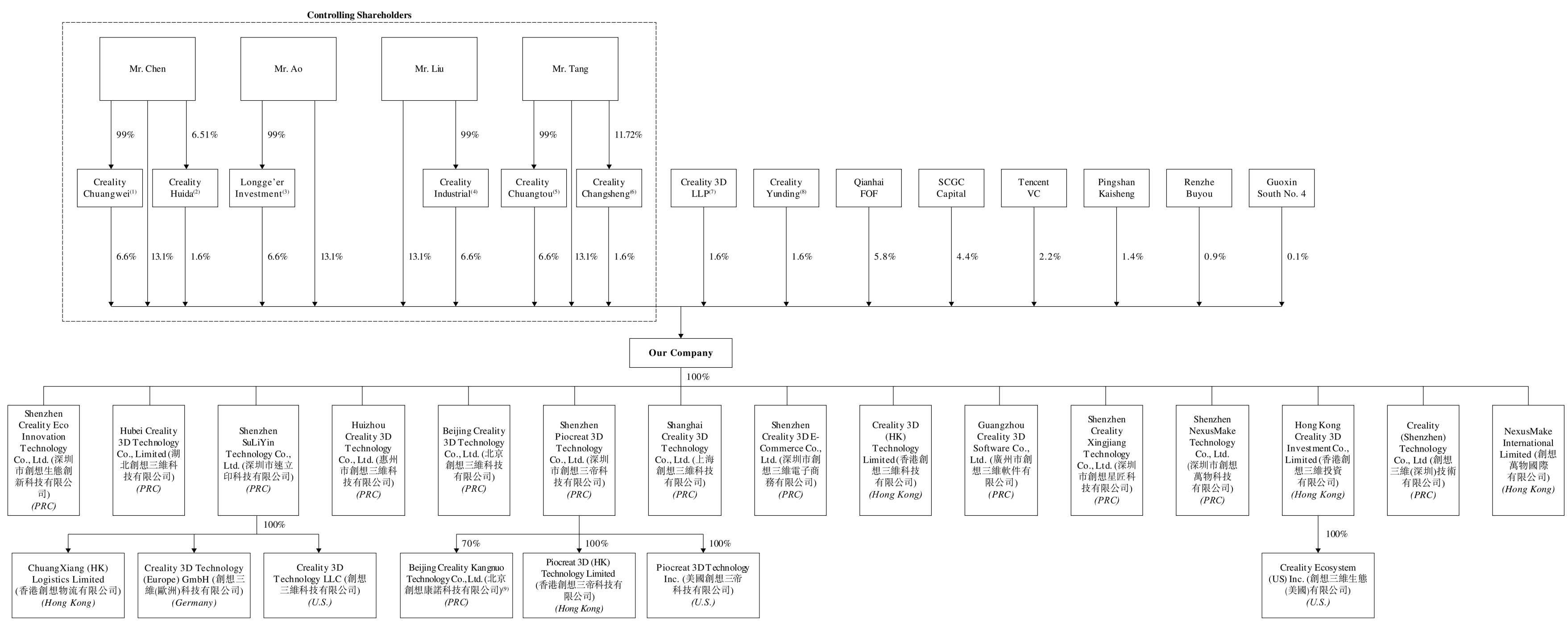
REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen our Company's brand influence and market awareness, optimize the investor structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see "Future Plans and Use of [**REDACTED**]."

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [**REDACTED**].



Notes:

(1) Creality Chuangwei was a limited liability company established under the laws of the PRC on December 26, 2018, and a shareholding platform owned by Mr. Chen and his spouse, as to 99% and 1%, respectively. Creality Chuangwei is one of our Controlling Shareholders.

(2) Creality Huida was a limited partnership established under the laws of the PRC on December 2, 2020, and is our employee shareholding platform. Creality Huida was held as to approximately 6.51% by Mr. Chen as its general partner and 93.49% by 48 limited partners, each of whom is our employee holding less than 10% partnership interests therein and an Independent Third Party. Creality Huida is one of our Controlling Shareholders.

(3) Longge'er Investment was a limited liability company established under the laws of the PRC on July 21, 2020, and is a shareholding platform owned by Mr. Ao and his spouse, as to 99% and 1%, respectively. Longge'er Investment is one of our Controlling Shareholders.

(4) Creality Industrial was a limited liability company established under the laws of the PRC on May 16, 2019, and is a shareholding platform owned by Mr. Liu and his spouse, as to 99% and 1%, respectively. Creality Industrial is one of our Controlling Shareholders.

(5) Creality Chuangtou was a limited liability company established under the laws of the PRC on January 16, 2018, and a shareholding platform owned by Mr. Tang and his spouse, as to 99% and 1%, respectively. Creality Chuangtou is one of our Controlling Shareholders.

(6) Creality Changsheng was a limited partnership established under the laws of the PRC on December 2, 2020, and our employee shareholding platform. Creality Changsheng was held as to approximately 11.72% by Mr. Tang as its general partner and 88.28% by 47 limited partners, each of whom is our employee holding less than 10% partnership interests therein and an Independent Third Party.

(7) Creality 3D LLP was a limited partnership established under the laws of the PRC on May 21, 2019, and is our employee shareholding platform owned as to approximately (i) 15.35% by Mr. Ao; (ii) 3.45% by Mr. FANG Zongdi (方宗棣), our executive Director; (iii) 3.79% by Mr. HUANG Xianbin (黃顯彬), a director of Shenzhen Creality Xingjiang Technology Co., Ltd. (深圳市創想星匠科技有限公司); (iv) 1.79% by Mr. ZHANG Zhijun (張志俊), a director of Beijing Creality 3D Technology Co., Ltd. (北京創想三維科技有限公司); and (v) 75.63% by 44 limited partners, each of whom is an employee holding less than 10% partnership interests therein and an Independent Third Party.

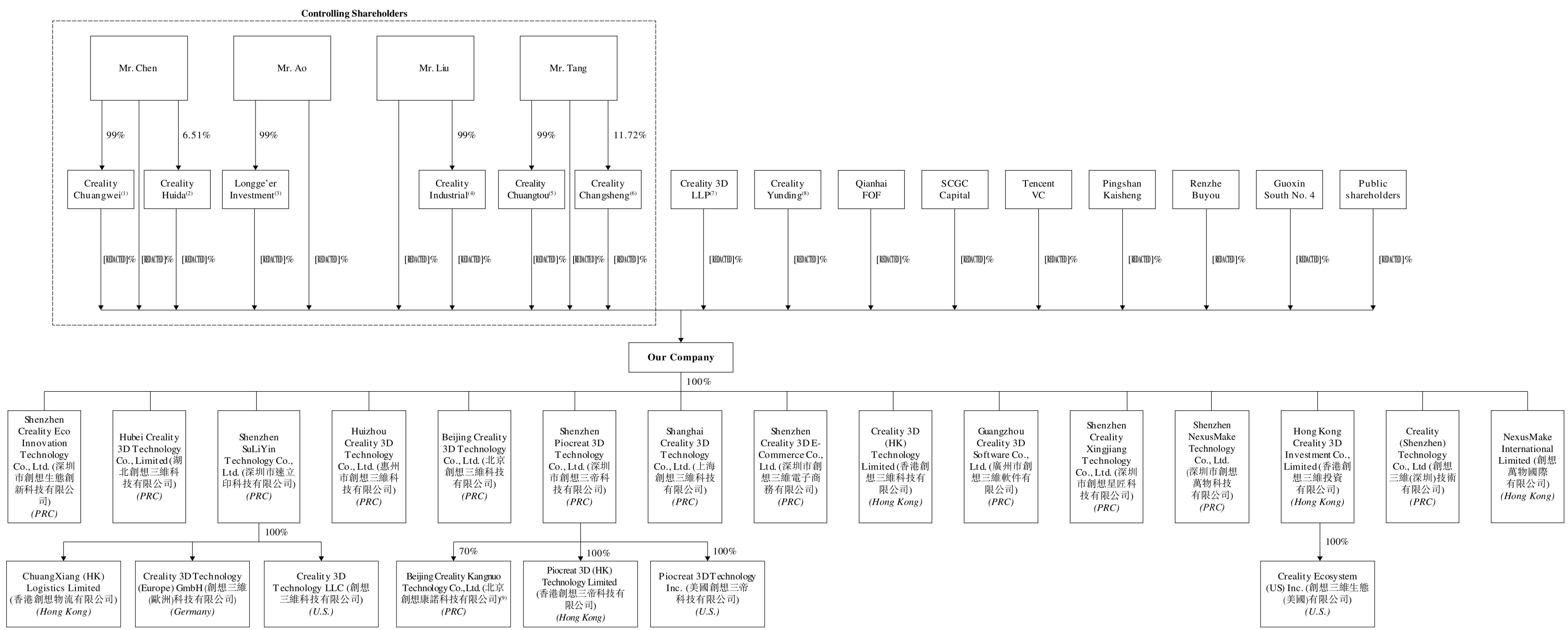
(8) Creality Yunding was a limited partnership established under the laws of the PRC on December 2, 2020, and is our employee shareholding platform owned as to approximately (i) 8.86% by Mr. Liu; (ii) 8.67% by Mr. XIE Wujian (謝武建), our vice general manager, finance director, secretary to the Board and joint company secretary; (iii) 6.97% by Ms. LIU Meijiao (劉美姣), a director of Creality Eco; (iv) 5.10% by Ms. ZENG Zhifei (曾智菲), a director of Shenzhen NexusMake; (v) 0.83% by Mr. WANG Fulin (王付林), a director of Piocreat 3D (HK) Technology Limited; (vi) 1.76% by Mr. LEI Shiliang (雷士亮), a director of Piocreat 3D U.S.; (vii) 0.83% by Mr. ZHANG Yisheng (張藝生), a director of Shenzhen SuLiYin; and (viii) 66.98% by 41 limited partners, including our employees, former employees and their inheritors, each of whom holds less than 10% partnership interests therein and an Independent Third Party. Creality Yunding is one of our Controlling Shareholders.

(9) The remaining 30% interests were held by Mr. SONG Lizhi (宋立志) as to 17.5% and as to 12.5% by Ms. WANG Xin (王辛), each of whom was a healthcare professional endorsing our 3D printing industry and an Independent Third Party.

(10) For details of the Pre-[**REDACTED**] Investors, see "— Pre-[**REDACTED**] Investment" under this section.

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion of the [**REDACTED**].



Note:

(1) — (10) See "— Corporate Structure — Corporate Structure Immediately Before the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

We are a global consumer 3D printing product and service provider. Our products and services primarily include: 3D printers, 3D printing consumables, 3D scanners, laser engravers, accessories and others, and various services available on our *Creality Cloud*, a platform focused on 3D printing content. Additionally, we launched *Nexbie* in August 2025, an overseas e-commerce platform dedicated to 3D creative items.

The full range of products and services above differentiate us from our competitors. Our offerings cover the entire 3D printing workflow from input and output to transaction, thereby providing end-to-end support for users throughout the creative process.

Furthermore, characterized by both diversity and differentiation, our products cover a full spectrum from entry-level to professional-grade products, and are further categorized into basic, advanced, and flagship products at different levels, tailored to diverse customer needs and printing requirements. As of December 31, 2025, in addition to the 3D printers, we provided over 400 SKUs of value-added accessories, over 1,400 SKUs of 3D Printing Consumables, and over 10 SKUs of 3D scanners and laser engravers, respectively. According to CIC, we also provide the most comprehensive range of product categories, catering to the widest variety of user scenarios.

Our full-scenario 3D printing product and service matrix empowers each other. During the creative process, customer often combine 3D printing with 3D scanning and laser engraving to unlock more comprehensive solutions. Through one-stop purchases and continuous traffic acquisition among our products and services, we aim to drive customers' repeated purchases of our products and enhance customer stickiness within our offerings. In addition, our customers will be directed to our platforms, *Creality Cloud* and *Nexbie*, after purchasing our products, which further encourage user participation and facilitate product discovery.

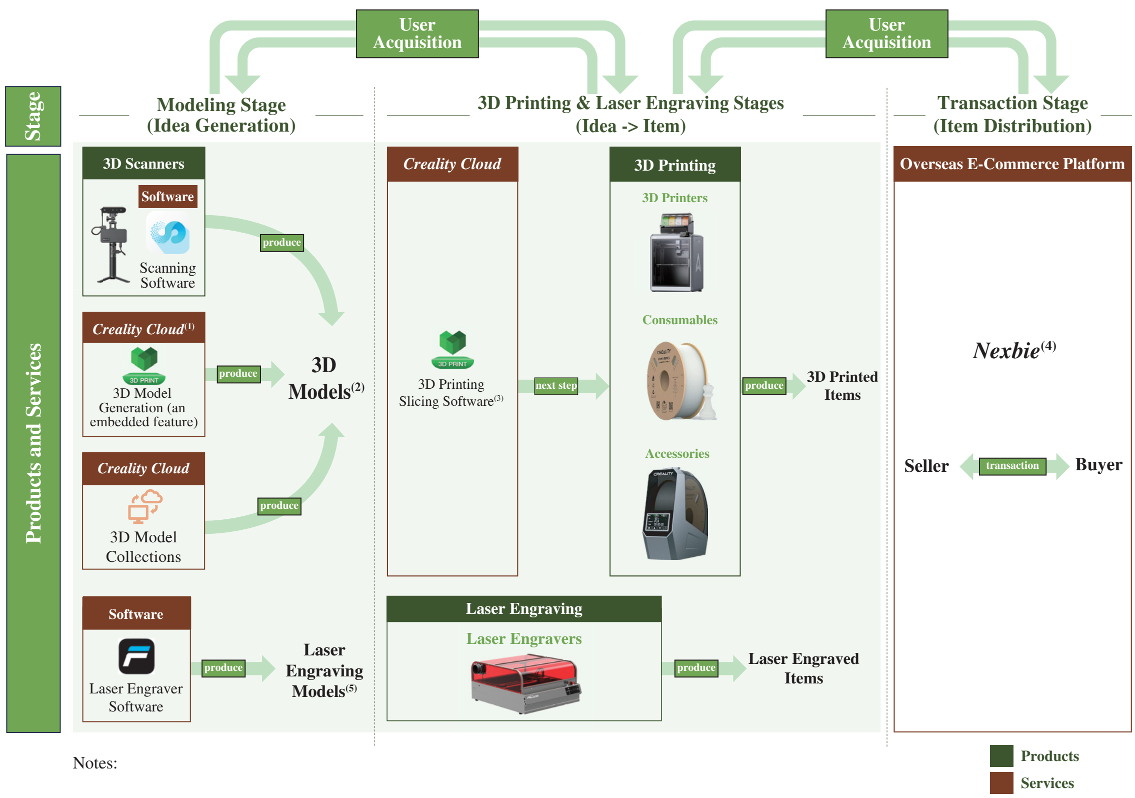
2020 is widely seen as the breakout year for the consumer 3D printing industry, marked by the significant expansion of application scenarios from personal creation to household use, and enhanced user awareness driven by considerably increasing market visibility. Over recent years, advancements in 3D printing and AI technologies have further elevated the industry by enhancing the quality of 3D printed items and lowering barriers to 3D modeling. From 2026 to 2030, the market size of the consumer 3D printer, consumer 3D scanner and consumer laser engraver is expected to grow to USD13.9 billion, USD0.4 billion and USD2.2 billion, respectively.

Taking advantage of such market trend, we accumulated an extensive user base. According to CIC, we ranked second in the global consumer 3D printer market in terms of GMV in 2025, with a market share of 11.2%, and ranked first in the global consumer 3D scanner market in terms of GMV in 2025, with a market share of 45.3%. We also ranked fourth in the global consumer laser engraver market in terms of GMV in 2025, with a market share of 4.8%.

Our Business Model

We provide our customers with one-stop 3D printing solutions, which include (i) 3D printers, (ii) 3D printing consumables, (iii) 3D scanners, (iv) laser engravers, (v) accessories and others and (vi) 3D printed products and services primarily available on our platforms, *Creality Cloud* and *Nexbie*, covering the entire 3D printing process.

The following diagram shows the 3D creative stages, our corresponding products and services, and the participants:



Notes:

(1) Our *Creality Cloud* platform utilizes AI technology to generate 3D models.

(2) Users can also use third-party modeling software to generate 3D models.

(3) Our proprietary 3D printing slicing software can be downloaded from our *Creality Cloud* platform or accessed directly via cloud functionality of the platform.

(4) We launched *Nexbie* in August 2025, and it is still in the early stages of development. As of the Latest Practicable Date, the 3D printed items and laser engraved items on *Nexbie* were all sold by us. The functionalities and value of this platform are evolving and expanding.

(5) Users can also utilize third-party generative AI or model collections to generate or access laser engraving models.

We appeal to individual and family users by offering diverse products and services ranging from entry-level to professional-grade options. For enterprise users, our products and services empower various industries, including lifestyle products, footwear, industrial parts, medical care, artistic designing and education. In addition, our platforms not only encourage users to sell their 3D creative items but also foster the exchange of ideas and innovations, enhancing collaboration among all participants in the 3D creative value chain.

We sell and distribute 3D printed items through *Nexbie* and our sales team. We establish cooperation with these customers through industry exhibitions and client visits, obtain sales orders, and fulfill subsequent delivery.

Stage	Product Category	Our Products and Services
Scanning	3D Scanners	We offer 3D scanners and 3D scanning software, allowing users to collect real-time 3D data by scanning physical objects and experience "what you get is what you see." After purchasing our products, we provide a QR code for customers to scan and download the scanning software for free.
Modeling	N/A	Our *Creality Cloud* utilizes AI technology to generate 3D models.
Slicing	N/A	Our proprietary slicing software analyzes a 3D model and decomposes it into 2D slice data, which is available for free download on our official website or accessible via *Creality Cloud*.
Printing	3D Printers, 3D printing Consumables and Accessories and Others	Our 3D printers include FFF printers and resin 3D printers. We provide consumables compatible with our 3D printers, including thermoplastic filaments and photopolymer resins. We also provide both replaceable and value-added accessories, enabling filament drying, feeding, recycling and air purification.
Laser Engraving	Laser Engravers	We provide laser engravers, compatible accessories, as well as laser engraving software, facilitating users to perform precision cutting and detailed engraving.
Transaction	3D printed products and services	We provide *Nexbie*, an overseas e-commerce platform dedicated to 3D creative items.

We have developed two online platforms: *Creality Cloud* and *Nexbie*:

- *Creality Cloud*, focusing on 3D printing content, facilitates interaction among users and empowers them to print, enhancing the accessibility of 3D printing.
  According to CIC, as of December 31, 2025: we operated one of the world's largest 3D printing online community in terms of the number of registered users and the number of skilled designers, namely our certified designers, on our *Creality Cloud*. Our 3D model collection hosted on *Creality Cloud* also ranked among the top in terms of quantity, compared with model collections on the platforms of our industry peers.

- *Nexbie*, currently focusing on selling 3D printed products, is positioned as an overseas e-commerce platform that connects creators and buyers of 3D creative items. We launched *Nexbie* in August 2025, and it is still in the early stages of development.

Comparison of Core Product Specifications

We offer a comprehensive product line that includes entry-level models, advanced systems for experienced users, and specialized solutions for small workshops, complete with cluster control for efficient mass production. Additionally, our high-capacity machines cater to the sculpting industry with impressive build sizes of over one meter. Key advantages of our core 3D printer products include: (i) stable print speeds of up to 700 mm/s, along with acceleration capabilities reaching 30,000 mm/s^2, (ii) exceptional versatility and compatibility with various printing materials, (iii) AI-powered platform obstruction detection and real-time quality optimization.

Our 3D scanners leverage the QuantumX platform, which incorporates multi-core heterogeneous 3D reconstruction chip technology to significantly enhance scanning performance. Our core 3D scanner products utilize the active multi-spectral coupling PhotonNexus light engine, employing advanced speckle pattern emission technology and precise blue multi-line laser emission techniques, and implement the end-to-end intelligent TurboScan3D data processing algorithm and adaptive 3D calibration technology.

Our laser engravers are engineered with innovative features that prioritize safety, usability, and performance. Key advantages of our core laser engraver products include: (i) built-in adjustable power spots and multiple safety alarms for tilt, flame, and gas detection, ensuring secure operation in diverse environments, (ii) enabling effortless module replacement and remote operation and providing unparalleled flexibility and process control, and (iii) featuring advanced intelligent systems for automatic focus and heat drift control, enhancing engraving precision and reliability while reducing maintenance needs.

The table below sets forth the key product technical specifications of our core products in comparison to leading industry players in 2024.

Product	Key product technical specifications	Our Highest Specification	Range of Leading Industry Players
3D printers	Maximum print speed	700 mm/s	300 mm/s-600 mm/s
	Print size	400x400x400 mm	220× 220×220 mm to 800×800×1000 mm
	Number of supported colors	16 colors	Monochrome to 16 colors
	Multiple fault AI detection	Available	Generally not available
3D scanners.	Maximum scanning speed	60 fps	10 fps-60 fps

Product	Key product technical specifications	Our Highest Specification	Range of Leading Industry Players
	Minimum scanning volume	5×5×5 mm	10×10×10 mm to 15×15×15 mm
	Working distance	160-1000 mm	150-400 mm
	Wireless scanning	Available	Generally not available
Laser engravers . .	Laser power	60W	5.5W to 55W
	Engraving area	400×415 mm	100×100 mm to 500×300 mm
	Maximum cutting capability	Acrylic: 30 mm Wood: 20 mm	Acrylic: 4.5 mm to 20 mm Wood: 10 mm to 15 mm

AI Empowerment

According to CIC, we were the first in the industry to fully incorporate proprietary AI technologies into the stages of modeling, printing and laser engraving in the 3D creative process, enabling intelligent manufacturing and precision processing and building competitive barriers in the industry. For example, our AI system is trained by using 3D models available on our Creality Cloud, enabling reconstruction of more accurate 3D surfaces and automatic adjustment of printing parameters according to model characteristics and printer status. We also integrate AI-powered machine vision into our equipment to monitor material flow and achieve automatic and real-time calibration during the printing process. In addition, our laser engravers are equipped with cameras and AI algorithms to provide real-time monitoring, adjustment and control of the engraving process.

OUR STRENGTHS

A Global Consumer 3D Printing Product and Service Provider

As a global consumer 3D printing product and service provider, we are dedicated to delivering efficient, intelligent and user-friendly consumer 3D printing products and services for our users to support their creative manufacturing process. Leveraging such extensive user base and committed to sustainable development in the 3D creative industry, we operate under an open and collaborative business model. Our 3D printers, 3D scanners and laser engravers are compatible with third-party consumables, accessories and software, and our slicing software and engraving software can be used with third-party 3D printers and laser engravers. However, our scanning software is not compatible with third-party scanners. In addition, substantially all of our 3D printers are equipped with open-source firmware. Users can modify the firmware to fine-tune printer performance, add features, or adapt it to specific needs.

Our market position has been widely recognized across the industry, as evidenced by a series of prestigious honors such as National Specialized, Refined, Differential and Innovative "Little Giant" Enterprise, National Intellectual Property Advantage Enterprise, Guangdong Manufacturing Single Champion Enterprise, Award of Science and Technology Progress of

Guangdong Province, Shenzhen Gazelle Enterprise and Shenzhen Unicorn Enterprise. Also, our internal R&D and design centers have been accredited as a provincial-level industrial design center and an engineering technology research center. As a leader in the consumer 3D printing industry, we have also participated in formulating national standards for the terminology, process classification and coding of additive manufacturing, as well as ABS filament specifications.

We have Established a Comprehensive Technology System Built upon User-centric Innovation

Taking advantage of the rapid development in the 3D printing industry and growing downstream demand, we have been continuously investing in R&D. Centering on FFF and photopolymerization as the two major technological pathways, and leveraging digital tools to collect and analyze user feedback, we take a user-oriented approach in our R&D process and have developed a technology system covering both foundational and application layers, thereby creating a technological barrier. We have achieved technological breakthroughs in high-speed, high-precision printing, multi-color printing, as well as intelligent and automated printing in the FFF route. In the photopolymerization route, we have expanded innovations in light source design and control, enabling the application of high-performance materials and the AI-driven process automation and optimization.

After years of investment and accumulation, we have built a technical team composed of professionals with industrial experience in optics, thermal dynamics, mechanics, control systems, electromechanical engineering, software, materials science and structural mechanics. Operating under a matrix management model centered on product projects and supported by our Innovation Research Institute, R&D Department, and Product Department, we keep track of the frontier technological trends to guide strategic R&D planning and swiftly respond to market demands to accelerate product commercialization. As of December 31, 2025, our R&D team consisted of 743 employees, accounting for approximately 23.7% of our total workforce. Furthermore, we have collaborated with prestigious academic institutions such as the City University of Hong Kong and the South China University of Technology through the "industry-academia-research" partnership. By combining industry experience with advanced theoretical research, we are enabled to overcome key technological challenges, enhance our innovation capabilities, and achieve continuous innovation in products.

Our Product Portfolio Covering all Scenarios in the 3D Creative Industry and Widely Endorsed by Users

To address the personalized and diverse needs of users across various industries and types, we have developed a diversified product portfolio, covering users' all-scenario, full-process requirements within the 3D creative industry and maps out multiple growth curves for our business performance. As a result, we have cultivated strong user loyalty, unlocked high-growth potential and laid a solid foundation for long-term business expansion.

Through continuous product iteration, our latest product are competitive in terms of maximum print speed, print size, and number of supported colors. They are equipped with advanced intelligent features and software, such as auto bed leveling, consumables management, multi-nozzle extrusion and calibration, AI-powered monitoring, slicing and device control systems, which effectively meet users' printing demands.

As of the Latest Practicable Date, our products accounted for 13 out of the Top 50 Best Sellers in Amazon U.S.'s 3D Printers category. Additionally, our multiple products have been awarded as top-performing products by well-known industry media, including CNET, Space, Tom's Hardware, All 3DP, Toms Guide, TechRadar and PCMag.

We have Established a Global Sales Network with Extensive Customer Reach

We are committed to a globalized development strategy and have built a global sales network through a combination of online stores, distributors and sales team.

As of December 31, 2025, we had established a worldwide distribution network, with 2,422 distributors covering around 140 countries and regions. According to CIC, we are one of the world's most geographically extensive consumer 3D printing product and service providers in terms of the number of countries and regions served. Our high-quality channel partners offer prompt and localized customer service, helping us enhance our ability to penetrate global markets, expand customer reach, accelerate product commercialization and reduce sales and management costs. In addition, we have built a direct sales network covering both online and offline channels. Through our self-operated e-commerce channels, we engage directly with users, allowing us to gain timely and accurate insights into user preferences, increase user stickiness and enhance operational agility. Through our offline direct sales channels for enterprise customers, we are able to timely capture corporate-specific demand and industry application trends. Furthermore, we have established overseas subsidiaries in Hong Kong, the United States and Germany to promote localized operations, while participating in premier industry exhibitions across the main countries and regions to improve brand influence. We have enhanced our sales coverage and overall efficiency because of our diversified sales channels and localized overseas operational strategies.

We Possess Strong Supply Chain and Manufacturing Capabilities to Deliver High-quality Products to Customers Worldwide

Leveraging our self-owned production bases and the supply chain advantages of "Made in China," we ensure the quality and timely delivery of our products. We operate production bases over 265,000 square meters in Wuhan, Huizhou and Shenzhen, with strategic material outsourcing, featuring made-to-order with safety stock. We leverage proprietary production equipment, technologies and skilled personnel to execute manufacturing operations. We have implemented a management framework including workplace safety objectives, indicator-based performance management system, and the workplace safety accountability and management system. By implementing the total quality management system, we have built a quality inspection matrix that includes standard operating procedures (SOPs) and multiple key quality control points. Adhering to a 100% full inspection standard before shipment, we strictly control product quality to ensure efficient, stable and timely delivery and improve the product yield rate.

We have formulated a supplier management framework and product delivery quality standards. We strictly implement mechanisms for supplier selection, qualification review, regular evaluation, dynamic tracking, supplier grading and strategic supplier partnerships to ensure the quality and reliability of sourced components. Located in the Greater Bay Area, we benefit from access to abundant mechanical processing suppliers. We determine our outsourcing suppliers through processes such as inquiry, price negotiation and discussion, considering factors like the supplier's quotation, production capacity, delivery capability and service quality, thus ensuring "selecting the best among the best." We adopt a standardized supplier onboarding and supervision process to ensure efficient operation of our supply chain.

Our Management Team Possesses Industry Expertise, Technological Insights and Business Execution Capabilities

Our founding team excels in strategic foresight, technical insights and business execution capabilities. Our four co-founders, who are 3D printing enthusiasts with over a decade of industry experience, came together through their shared passion for 3D printing. Driven by their love and belief in this industry, our founding team works together to provide individual and enterprise users globally with consumer 3D printing products and services. Their technical prowess and industry experience have positioned us as a leader in the consumer 3D printing industry.

Our business performance is further underpinned by a stable and dedicated senior management team. With diverse backgrounds and global perspectives, our senior management team brings an average of over 15 years' experience across finance, sales, marketing and operations. Notably, several executives had overseas market experience in globally renowned companies. This collective expertise serves as a key foundation for our operational efficiency and long-term success.

OUR STRATEGIES

Continuously Increasing R&D Investment, Focusing on Strengthening Technological Barriers and Enhancing R&D Efficiency

We will continuously increase R&D investment in new technologies to further enhance our core competitiveness through R&D and innovation. By deepening "industry-academia-research" collaboration with leading domestic universities and institutions, we aim to accelerate technological breakthroughs, enhance R&D efficiency and solidify our global leadership in the consumer 3D printing industry. We will strengthen our R&D investment in AI-related core technologies such as general firmware, high-efficiency slicing algorithm, text-to-image generation, and image-to-3D artificial intelligence model design. This will enable us to develop new functions such as visual technology for model quality inspection, cluster printing and full-color printing. We will further enhance our R&D infrastructure, focusing on preliminary research on emerging technologies and features for consumer 3D printing, such as multi-color and full-color printing. On top of that, we will continue to optimize and upgrade algorithms to meet user demands.

Continuously Enriching Our Product Portfolio, Actively Optimizing Our Product Mix and Building an Overseas E-Commerce Platform

We intend to continuously enhance and diversify our product portfolio. We will focus on improving the printing speed and precision, and enrich our product mix to better serve users in various industries and application scenarios. In addition, we plan to expand into the field of UV printing technology and pursue developments in infinite-axis printing and other intelligent, next-stage 3D printing technologies to gain early-mover advantages in the market. At the same time, we plan to develop *Nexbie* to connects users, creators, and producers, enabling flexible supply chains to turn ideas into reality and implement revenue-sharing mechanisms to encourage mass participation. By integrating generative AI technology into our products and platform, we aim to reshape users' perceptions of 3D printing and continuously expand our user base.

Expanding our Global Footprint and Advancing Localized Operations

We plan to deepen our global business layout by not only expanding sales channels, but also further strengthen our brand marketing and promotion and expand and upgrade our overseas warehouse network. This will enable us to enhance brand awareness globally, while our expanded and upgraded warehouse network will enhance our resilience against uncertainties in the complex international trade and economic environments.

We have established subsidiaries in developed countries and regions such as Hong Kong, Germany and the United States. We plan to continue expanding local teams in these countries and regions and increase investments in technological R&D, market expansion and service infrastructure. Over recent years, emerging markets, represented by South America, Mexico and Africa, have witnessed rapid growth in creative manufacturing, with a growing number of users embracing 3D printing. We will also focus on these emerging markets to further improve our global footprint.

Continuously Attracting and Cultivating World-class Talents

To maintain our technological competitiveness in the industry, we plan to build a comprehensive talent pipeline through a combination of internal development and external recruitment. We will continue refining talent selection processes and compensation mechanisms to ensure clear career growth paths. We aim to nurture and retain top-tier professionals across various fields through regular training, job rotations, and career planning guidance. Specifically, we will continue to bolster our R&D team. Going ahead, we intend to partner with more top-tier universities worldwide to cultivate technical talent in 3D printing through integrated education and industry programs.

Driving Technological Advancement through Investments and Mergers and Acquisitions

We will actively seek to invest in or pursue strategic mergers and acquisitions that align with our core competencies and strategic objectives. We will conduct a thorough analysis of the 3D creative industry to identify potential targets that can complement or enhance our R&D efforts.

Our selection criteria will prioritize companies and teams with technological advantages in areas such as AI technologies, printing technologies and printing materials. Investments or acquisitions in these areas would further (i) enhance our capabilities in AI-driven 3D printing and (ii) strengthen our product lines while expanding industrial applications. Target companies should have a proven track record of innovation and potential for synergistic integration with our existing 3D printing products and services. Additionally, we seek promising 3D creative platforms that can increase user engagement and drive sales of our equipment, accessories and consumables. As of the Latest Practicable Date, we had not identified any potential targets.

OUR PRODUCTS AND SERVICES

Overview

We provide (i) 3D printers, (ii) 3D printing consumables, (iii) 3D scanners, (iv) laser engravers, (v) accessories and others and (vi) 3D printed products and services.

The following table sets forth a breakdown of our revenue by business line during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
3D Printers	1,403,796	74.6	1,416,124	61.9	1,784,952	57.1
3D Printing Consumables	136,203	7.2	261,534	11.4	418,408	13.4
3D Scanners	41,530	2.2	207,585	9.1	365,701	11.7
Laser Engravers	111,232	5.9	163,423	7.1	225,434	7.2
Accessories and Others[1]	188,341	10.0	236,330	10.3	326,261	10.4
3D Printed Products and Services[2]	1,760	0.1	3,332	0.2	6,284	0.2
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Note:

(1) Others mainly included our scrap materials such as production scrap, scrapped semi-finished and finished products, and scrapped packaging materials during the Track Record Period.

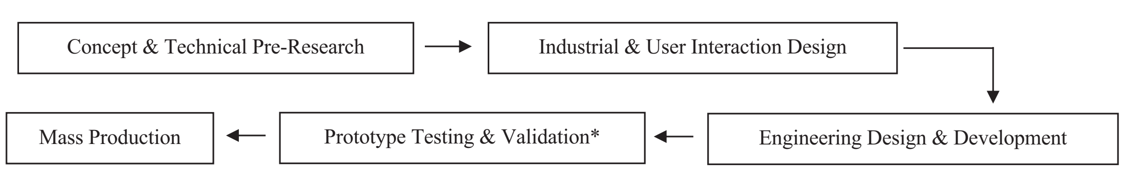
(2) Included (a) membership subscription fees from *Creality Cloud*, (b) proceeds and commissions from 3D model transactions through *Creality Cloud* and (c) sales proceeds of 3D printed products.

During the Track Record Period, we witnessed growth across all business lines with various growth rates, which was generally attributable to the continued launch of high-quality products, the increasing demands from our users as well as the expansion of our sales channels. During the Track Record Period, the majority of our revenue was generated from the sales of 3D printers, which experienced a steady increase, mainly attributable to (i) the launch of new products, such as the high-end K2 series with higher retail prices, (ii) strengthened promotional efforts across existing sales channels, and (iii) the continuous expansion of our sales channels. While the absolute sales of 3D printers are still substantial, their percentage contribution to total revenue has decreased as other segments expand, mainly reflecting our efforts to diversify our product portfolio.

There can be no assurance that we will be able to continue growing at the same rate as during the Track Record Period or at all. For details on the risks relating to our future performance and product strategy, see "Risk Factors — Risks Relating to Our Business and Industry — If we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected" and "— If we are unable to meet evolving market demand, our business, financial condition and results of operations would be materially and adversely affected."

3D Printers

Our 3D printers are all independently designed and developed in-house, which can be categorized into: (i) FFF printers and (ii) resin 3D printers. The chart below illustrates the design and development process of our 3D printers, which is performed by our in-house teams except for certain standard parts used in prototypes, i.e., structural standard components such as synchronous belts, pulleys, etc, which we design, specify and then procure from third-party manufacturers.



Note:

* We independently develop prototype drawings and design specifications while outsource standard parts used in prototypes from third-party manufacturers.

FFF Printers

FFF printers work by melting and extruding thermoplastic filament to create 3D items layer by layer, which process includes filament loading, extrusion, layer-by-layer construction, and cooling and solidification. In particular, the thermoplastic filament is fed into the extruder of the FFF printer and extruded through a nozzle onto the bed. The nozzle moves to deposit the material in precise patterns according to the G code generated by the slicing software. The FFF printer continues to extrude the next layer on top of the previous one, until the entire item is built. As each layer is deposited, it cools and solidifies quickly, bonding to the layer beneath it, allowing for construction of complex geometries and structures. Our FFF printers are generally designed for a three-to-five-year lifespan under standard use conditions. The price range of our FFF printers is US$219 to US$1,499.

The table below sets forth our representative FFF printer.

Product Showcase	Specifications	Features
Full-Scale Equipment Series – Flagship Series 	• Maximum printing speed: 600 mm/s • Maximum acceleration: 30,000 mm/s^2 • Maximum build volume: 350 mm × 350 mm × 350 mm • Nozzle flow: 32 mm^3/s	• Large build volume and high efficiency, ideal for large models and complex structures • High printing speed, rigid mechanical structure and low-noise operation • Integrated intelligent automation features, including auto bed leveling, AI-assisted calibration, vibration pattern optimization, belt tensioning and AI-based collision avoidance • Compatible with a wide range of thermoplastic filaments

Resin 3D Printers

Resin 3D printers use a process called photopolymerization to create 3D items, which involves curing of a resin bed filled with photopolymer resin that hardens when exposed to UV light. The resin 3D printer uses a UV laser or projector to direct UV light onto the resin surface to solidify the respective layers of the model. The build platform moves after each layer is cured to allow fresh resin to flow over, until the entire item is complete. The cured resin is then removed from the bed and typically requires additional post-processing, such as washing to remove uncured resin and curing under UV light to ensure full hardness. Our resin 3D printer is generally designed for a three-year lifespan under standard use conditions. The price range of our resin 3D printers is US$160 to US$4,250.

The table below sets forth our representative resin 3D printers.

Product Showcase	Specifications	Features
Consumer-grade Series – Mid-level Consumer Series (optimized for leisure applications and prototype verification) 	• Maximum printing speed: 170 mm/h • Maximum build volume: 212 mm × 118 mm × 200 mm • Screen resolution: 15,120 px × 6,230 px (16K)	• High-resolution monochrome screen and precise motion system • User-friendly experience featuring quick-release build plate and easy material loading • Supports automated functions such as resin heating, RFID parameter identifying, material level detection and intelligent exposure control • Supports intelligent exposure across 92 light zones, offering greater energy efficiency and key components durability

3D Printing Consumables

Our 3D printing consumables include thermoplastic filaments for FFF printers and photosensitive resins for resin 3D printers.

Thermoplastic Filaments for FFF Printers

Our thermoplastic filaments for FFF printers are categorized into three primary product lines based on performance and application scenarios: Essential Series, Ultra-Speed Series and Functional Engineering Series. As of December 31, 2025, we offered over 1,100 SKUs of thermoplastic filaments for FFF printers.

Photopolymer Resins for Resin 3D Printers

For photopolymer resins used in resin 3D printers, we offer two primary product lines tailored to distinct application scenarios: (i) Creality series, designed for the consumer market and (ii) PioNext series, targeting industrial and professional users. As of December 31, 2025, we offered over 200 SKUs of our photopolymer resins used in resin 3D printers.

3D Scanners

We offer 3D scanners as well as 3D scanning software for pre-print object scanning and modeling. After scanning and modeling, users can import the resulting 3D models into the slicing software to generate machine-readable instructions, which can then be sent to compatible 3D printers. Customers can download our 3D scanning software for free upon purchase of our 3D scanners. Our 3D scanning software is specifically designed as internal operating system for our own 3D scanners, is not compatible with third-party 3D scanners, and is not offered as a separate product. 3D scanners are optical instruments incorporating precision optical and sensing components, requiring different underlying technologies from those used in developing 3D printers. Accordingly, we procure our 3D scanners from specialized suppliers, who develop and manufacture such products in accordance with the non-technical design specifications and functional requirements formulated by us based on market trends and customer demand.

In addition to be applied in 3D printing, 3D scanners have a wide range of applications such as manufacturing, entertainment, architecture and cultural heritage. For example, 3D scanners can be employed for, among others: (i) inspecting parts and assemblies for defects during the manufacturing process, (ii) creating 3D models for immersive experiences in gaming and training, (iii) developing digital models of existing components in product development, (iv) capturing the shapes and details of historical artifacts or objects for museums and research.

We offer a range of 3D scanners from consumer-grade to professional-grade, comprising three major series: *Ferret*, *Otter* and *Raptor*. Our 3D scanners are compatible with over 50 software, including our own, enabling users to convert captured 3D data into high-precision models. We also launched new products series "*Sermoon*" in July 2025, positioned for industrial manufacturing applications and designed for deep-cavity scanning. Our 3D scanners are generally designed for a two-to-three-year lifespan under standard use conditions. The price range of our 3D scanners is US$319 to US$5,999.

The table below sets forth our representative 3D scanner.

Product Showcase	Specifications	Features
Consumer grade: Otter Series 	• Resolution: 0.05 mm-2 mm • Frame rate: 30 fps • Scanning size: 20mm- 2,000 mm	An all-in-one solution designed for makers and hobbyists, featuring infrared NIR scanning technology and versatile compatibility from small precision components to large structural parts • *AI-Powered Algorithms:* Utilizes stereo-matching structured light algorithms and advanced optical design for texture capturing • *High Precision:* Equipped with eight infrared LED fill lights for enhanced marker tracking • *Dual-Camera System:* Features two sets of dual-lens cameras

Laser Engravers

Our laser engravers enhance surface details, perform precise cutting and trimming, and apply functional markings such as logos and QR codes. We offer laser engravers that can be used on over 1,500 types of materials, including wood, metal, stone, acrylic and 3D printing materials. They are generally designed for a two-to-three-year lifespan under standard use conditions. During the Track Record Period and as of the Latest Practicable Date, we were engaged in the sales of laser engravers, and did not provide laser engraving services.

We offer a four-tier product matrix tailored to the diverse needs of female users, families, markers and hobbyists, addressing a wide range of scenarios, including commercial, domestic, mobile and enthusiast applications. The price range of our laser engravers is US$299 to US$2,699.

The table below sets forth our representative laser engraver.

Product Showcase	**Specifications**	**Features**
Office Series: Falcon2 Pro Series 	• Power: Blue Laser 20W/40W/60W • Working Area: 400 mm × 415 mm • Processing Speed: 416 mm/s	Our Falcon2 Pro series is capable of full-color engraving at 25,000 mm/min. Penetrates 30 mm acrylic in a single pass • *Smart Safety Dual Protection:* with fireproof metal casing, emergency stop and air-assist system • *Plug-and-Engrave:* Equipped with a high-definition camera for automatic positioning

Accessories

The accessories we offer to support our 3D printers primarily include: (i) value-added accessories designed to enhance the functionality and performance of our standard products through customization and upgrade to meet specific application needs, and (ii) replacement accessories intended for the replacement or maintenance of components subject to regular wear and tear.

Our value-added accessories business spans the entire 3D printing process. We continuously launch new accessories to meet evolving market demands and enhance user experience. As of December 31, 2025, we offered over 400 SKUs of our value-added accessories. Our value-added accessories typically include dying boxes for consumables, which assist users in properly storing and maintaining filaments, and extruders, which ensure continuous and stable filament delivery and accommodate different consumables. We also plan to launch filament recycler products to instantly convert multicolored waste and discarded prints into high-quality, reusable filament.

3D Printed Products and Services

We have two online platforms, namely, *Creality Cloud*, a platform mainly empowering users with 3D printing capabilities, and *Nexbie*, an overseas e-commerce platform mainly catering to users without 3D printing capabilities. We launched *Nexbie* in August 2025, and it is still in the early stages of development.

Creality Cloud

Launched in March 2020 and accessible via both web (*www.crealitycloud.com*) and mobile applications, the *Creality Cloud* provides uniform global services and content for its users. *Creality Cloud* currently supports 14 major languages.

Our *Creality Cloud* provides the following primary functions:

- *3D Model Collections*
    - ***Numbers of collections***: Our *Creality Cloud* serves as a central hub for publishing, sharing and trading of 3D models that can be directly used for 3D printing. In addition to user-generated 3D models, we also upload self-designed 3D model collections to the platform and curate dedicated theme-based model sections to meet the varying preferences of different user groups. Our 3D model collection hosted on *Creality Cloud* amounted to over 2.7 million as of December 31, 2025.
    - ***Certified designers***: 3D model designers can apply to become certified model designers on our *Creality Cloud* and after certification, can launch their own designer page to publish 3D models, share print settings and interact with followers. As of December 31, 2025, we had approximately 84,295 model designers on our *Creality Cloud*, of which 1,755 are certified model designers.
    - ***3D Model transactions***: Uploaders, including our Company and third-party participants, may choose whether to make a model available for free or for a fee, and set the corresponding price. For models uploaded by third-party participants, our dedicated team reviews the originality and pricing rationale before the models are published. Popular or high-quality designs may also be featured in official promotions.

- *Workbench:*
    - ***Cloud-Based Slicing***: Before a 3D model can be printed, it must be converted into machine-readable instructions through a process known as slicing. Slicing software breaks down digital 3D models into individual printing layers and generates toolpaths that 3D printers can interpret and execute. We offer cloud-based slicing services directly on our *Creality Cloud* for users to upload models directly to the cloud slicing module for free. We do not sell our slicing software on a standalone basis. We currently support multiple self-developed slicing software, which can convert models into printer-compatible formats and offer various export options.

- ***Remote Printing Control***: *Creality Cloud* enables users to remotely monitor and manage the entire process and track key metrics such as job status, elapsed time, nozzle and bed temperatures, printing speed, and estimated material consumption.

- *Community Interaction*
    - ***Function***: *Creality Cloud* fosters a virtual community that encourages interaction among users, who can exchange design ideas, showcase finished prints, share slicing settings, and discuss printing techniques. We also organize themed events, challenges and model competitions to further encourage participation.
    - ***Number of users***: Compared to 2024, in 2025, we recorded over 112,500 newly registered users per month on average. As of the Latest Practicable Date, our *Creality Cloud* has attracted over 5.7 million registered users globally.

Except for paid 3D model transactions, most core functions of our *Creality Cloud* are available for free. For users with more advanced functional or service needs, we offer optional membership subscriptions on a monthly, quarterly, or annual basis, which grant access to over 20 exclusive benefits, such as free 3D models, faster model download speed, the ability to download built-in slicers, the ability to slice multiple models, priority slicing, AI detection for printing, simultaneous printer control, timelapse videos, etc. The number of our paid subscribers who have purchased a membership program amounted to 8.7 thousand, 19.0 thousand and 24.0 thousand, respectively, in 2023, 2024 and 2025. Our revenue generated from membership subscriptions amounted to RMB1.1 million, RMB2.8 million and RMB4.6 million, respectively, in 2023, 2024 and 2025. Users who do not subscribe to membership but require additional cloud storage may also purchase standalone storage expansion services.

In addition, we are integrating AI technologies into our *Creality Cloud* platform. For instance, we leverage large language models (LLMs) to extract semantic feature vectors from user queries, allowing our system to match search results based on meaning rather than keyword overlap. We also utilize multimodal large models capable of analyzing both text and images to provide optimization suggestions for the cover image, automatically identify appropriate categories and tags, and generate a recommended description for the model. Our AI content moderation tools can detect and filter out harmful or inappropriate content. In addition, the AI system assesses the correlation between a model's title and its cover image, determines whether the image is a real-life photograph, and assigns a quality rating based on resolution, clarity and consistency.

Our *Creality Cloud* contributes to our revenue during the Track Record Period, primarily through: (i) proceeds or commissions from 3D model transactions and (ii) membership subscriptions. Our revenue generated from *Creality Cloud* is categorized under 3D printed products and services.

Nexbie (www.nexbie.com)

We launched *Nexbie* in August 2025 mainly catering to users without 3D printing capabilities. We position *Nexbie* as an overseas e-commerce platform that builds a symbiotic and mutually beneficial 3D creative ecosystem. The targeted overseas markets for *Nexbie* include Europe, North America, South America and Asia, prioritizing developed countries and gradually penetrate into developing countries. As of the Latest Practicable Date, the 3D printed products offered on *Nexbie* were all sold by us and the revenue generated from *Nexbie* is derived from product sales. Our platform is currently under trial operation in the U.S. and will progressively expand to international markets. As of December 31, 2025, there were 124 SKUs available on *Nexbie*. As *Nexbie* is currently at an early stage of development, we offer certain standardized products sourced from third-party suppliers on the platform at this stage. As *Nexbie* continues to develop, it will gradually evolve into a platform where products are created and traded by third-party users.

We have made a clear development plan for *Nexbie* for the two years following its establishment:

- *Pilot operation in the U.S. market (August 2025 to December 2025):* We focused on establishing the core platform infrastructure and conducting pilot operations in the U.S. market, including the onboarding of initial product offerings.

- *Expansion of self-operated business (January 2026 to June 2026):* We plan to expand our self-operated product offerings, while improving operational efficiency and enhancing logistics and fulfillment capabilities. In particular, in the first quarter of 2026, we reduced delivery times for major 3D printed footwear products from over 30 days to 3 to 5 days, and established design to production capabilities for our 3D printed accessories.

- *Enhancement of user collaboration mechanisms (July 2026 to December 2026):* We plan to refine the collaboration mechanisms with users on *Nexbie*, including enhancing user participation in product development, and enriching product creativity and differentiation.

- *International market expansion (January 2027 to August 2027):* We plan to expand into our targeted international markets and further deepen the collaboration models with users worldwide.

By the end of 2026, we expect to have more than 200 SKUs available on *Nexbie*, and to continue expanding our product offerings on *Nexbie* to over 300 SKUs by August 2027.

Key Operating Data

The table below sets forth sales volume and average selling prices of our hardware products during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	*Average selling price*	*Sales volume*	*Average selling price*	*Sales volume*	*Average selling price*
	Unit'000	*RMB*	*Unit'000*	*RMB*	*Unit'000*	*RMB*
3D Printers	870.7	1,612.3	720.6	1,965.1	742.4	2,404.4
3D Printing Consumables . .	1,753.9	77.7	3,209.0	81.5	5,420.2	77.2
3D Scanners	24.0	1,731.7	72.1	2,878.8	85.6	4,273.6
Laser Engravers.	36.5	3,045.4	47.2	3,460.2	74.1	3,042.1

Notes:

(1) Accessories and others are not included in this table because they consist of a wide range of different products.

(2) 3D printed products and services are not included in this table because the relevant revenue primarily comprised (i) membership subscription fees, (ii) proceeds and commissions from 3D model transactions, and (iii) sales proceeds of 3D printed products during the Track Record Period.

During the Track Record Period, we achieved an overall increase in our sales volume of our hardware products, primarily resulting from the continued launch of high-quality products, the increasing demands from our end customers as well as the enrichment of our sales channels. See "Financial Information — Results of Operations — Revenue" for more details.

The sales volume of our 3D printers decreased from 870.7 thousand unit in 2023 to 720.6 thousand unit in 2024, primarily because we focused on promoting relatively high-end product series, leading to a more selective sales volume and higher average selling prices. The growing number of novice users highlights a shift in market demand towards high-end product series that are easier to use. By focusing on these products, we can cater to the needs of this expanding user base, ensuring our offerings align with consumer preferences.

We are implementing below strategies to maintain competitiveness both locally and internationally:

- *Increased Investment in R&D:* To build technological barriers, we continue to invest in R&D, improve product performance and launch new products that keep up with the latest technologies while ensuring enhanced compatibility with *Creality Cloud*. We also plan to strengthen our core patent portfolio, while expanding our ecosystem across *Creality Cloud*, 3D printing consumables and other product lines to provide integrated solutions to our customers, enhancing user experience and brand stickiness. For example, our K2 series 3D printers have incorporated AI detection feature that help reduce the operational threshold for users. Additionally, we continuously upgrade our operating software to enhance compatibility across different 3D printer models, progressing from compatibility within the same series to cross-series compatibility. We are advancing the iteration and upgrade of our self-developed unified 3D printing software platform for internal use and deepening the development of proprietary motion control firmware, while building a highly compatible and secure closed-source technology architecture.

In the AI field, we continue to invest in the R&D of multimodal AI integration algorithms and automated algorithm training platforms. In doing so, we aim to progressively evolve from print defect recognition and equipment status detection toward AI closed-loop control, automated repair and unmanned intelligent printing systems, while deploying clustered edge-computing AI systems.

In addition, we are increasing investment in the iterative upgrade and functional enhancement of our *Creality Cloud* platform, focusing on the development of a 3D printing model resource library, enhancement of cloud-based collaboration capabilities and optimization of user interaction experience.

- *Scalable Production and Localization of Supply Chains:* We are optimizing our production processes through scalable manufacturing techniques and lean management practices, thereby lowering production costs while maintaining high-quality standards. For example, by adopting differentiated production strategies for specific manufacturing stages, we reduced average production hours per line by approximately 15%. In addition, by collaborating with overseas distributors, we can localize and enhance after-sale services and transportation. We are also progressively upgrading our manufacturing facilities with automated production lines to further improve efficiency.
- *Flexible Pricing Strategies:* We are implementing flexible pricing strategies to enhance our value proposition, leveraging lower-end products to attract a broader audience while focusing on higher-end offerings for profitability. Catering to users with different needs and budgets, we continuously launched several new product series, including the Halot, K1, K2 and Hi 3D printer series with prices ranging from approximately US$160 to US$1,499, positioning us to further expand our product offerings into both lower- and higher-priced segments. We will further refine our brand positioning with a focus on user experience and improving marketing efficiency, including enhancing the return on investment of our online marketing and allocating more resources to DTC stores.
- *Enhanced Operational Efficiency:* We seek to enhance our operating efficiency by accelerating product turnover and optimizing our product mix, including reducing sales of low-margin products and allocating more production capacity to higher-selling products. We also plan to adopt differentiated credit terms for different channels and customers to improve cash flow management and support sustainable growth. Additionally, to strengthen channel management, we established a distributor management portal in 2026, through which distributors can directly communicate with us and place orders online. As we added 204 new distributors in the three months ended March 31, 2026, we have efficiently worked with them efficiently using the new portal while reducing repetitive communication costs.
- *Enhanced Organizational Structure and Incentives:* We plan to establish dedicated teams to monitor and regularly review competitive dynamics. We also seek to implement incentive mechanisms, including profit-sharing arrangements for key personnel, to retain talent and enhance execution efficiency.

The average selling price of our 3D printers increased continuously during the Track Record Period from RMB1.6 thousand in 2023 to RMB2.4 thousand in 2025, mainly (i) attributable to the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices and (ii) driven by the continuous launch of product series entailing higher sales prices. In particular, we launched our first high-end flagship K series model, the K1 Max, with a manufacturer's suggested retail price ("MSRP") of USD1,099 in 2023 and further introduced the K2 Plus model with a MSRP of USD1,299 in 2024.

The average selling price of our 3D printing consumables increased from RMB77.7 in 2023 to RMB81.5 in 2024, primarily due to the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices. The average selling price of our 3D printing consumables decreased from RMB81.5 in 2024 to RMB77.2 in 2025, primarily due to the launch of a new product series of Soleyin, with a relatively lower selling price and further increased its promotion activities for its existing product portfolio.

The average selling price of our 3D scanners increased from RMB1.7 thousand in 2023 to RMB2.9 thousand in 2024, and further increased to RMB4.3 thousand in 2025, as we expanded our self-operated online stores selling products at retail prices without distribution discounts and improved market coverage and operational efficiency of our direct sales. This led to a sustained increase in the proportion of revenue generated from direct sales, and correspondingly, a higher proportion of products sold at retail prices. In addition, we launched high-end products such as RaptorX and Raptor Pro series with MSRP over RMB10,000 to further enhance the average selling price of our 3D scanners.

The average selling price of our laser engravers increased from RMB3.0 thousand in 2023 to RMB3.5 thousand in 2024, as we expanded our self-operated online stores selling products at retail prices without distribution discounts and increased the overall proportion of products sold at such higher retail prices. The average selling price of our laser engravers decreased from RMB3.5 thousand in 2024 to RMB3.0 thousand in 2025, primarily because we launched new low-power, entry-level products with relatively low selling price in response to market demand and conducted promotion activities for old series.

According to CIC, the average selling prices of our products are in line with our market peers.

RESEARCH AND DEVELOPMENT

We invested significant resources into the R&D of our products and technologies. In 2023, 2024 and 2025, our R&D expenses amounted to RMB96.3 million, RMB148.7 million and RMB221.9 million, respectively, accounting for 5.1%, 6.5% and 7.1% of our total revenue for the respective periods. Our R&D team consists of dedicated talents with industry expertise. As of December 31, 2025, our R&D team consisted of 743 dedicated talents.

Our Core Technologies

We have established strong in-house R&D capabilities and possess a deep reservoir of proprietary technologies. Our technology architecture spans across multiple foundational fields, including mechanical design, electronic and electrical systems, motion control algorithms, slicing software and firmware.

AI-Based Dynamic Flow Calibration Technology. We install highly-sensitive sensors within the nozzle to monitor pressure changes in the nozzle in real-time, detecting even small variations in material flow within milliseconds and transmitting such data to AI algorithms level instantly. Our AI algorithms then automatically adjust compensation parameters needed for precise extrusion flow and deliver the adjustment data to control system, which adjusts the extrusion flow accordingly.

AI-Driven High-Precision Automatic Platform Leveling Technology. We ensure a perfectly horizontal platform with solid hardware design, high-speed data measurement and AI-empowered automatic adjustment. We install high-precision pressure sensors within the print head to collect platform height data up to 1,000 times per second. Such data will be processed and constructed by our AI algorithms to create a precise 3D surface map of the platform and automatically calculate the necessary compensation adjustments for any unevenness. The control system then automatically levels the platform based on the adjustment data.

AI Laser Engraving Technology. We integrate AI technology into path planning, parameter setup, material recognition and batch processing for laser engraving products, enabling automatic and optimal engraving process without repeated manual adjustment. For example, a target image for metal color engraving will be automatically analyzed by our AI deep learning model to convert desired colors into appropriate laser settings. Our AI model can also conduct automatic filling and engraving planning for workpieces with the same specifications and support continuous and standard batch engraving. In addition, our built-in vision system and AI recognition algorithms automatically identify the material being processed to select the matching engraving parameters.

High-speed and high-precision printing technology. We have developed a high-speed motion platform, which combines a self-designed mechanical structure with advanced FOC servo motor technology for precise and smooth motor control. As a result, our printers can operate up to 10 times faster than conventional FFF printers. Our integrated closed-loop control system monitors and corrects movement during printing in real-time, reducing errors caused by resonance and maintaining consistent dimensional accuracy of ±0.1 mm, even at high speeds. The control system simultaneously manages five key printing factors, i.e., temperature, pressure, speed, position and material flow to achieve stable, high-speed printing across different types of materials.

Intelligent Consumable Management Technology. Our printer, powered by the CFS system, can automatically switch between up to 16 colors without manual adjustment and work with a broad range of materials.

High-Temperature Extrusion and Temperature-controlled Chamber Technology. We use a nozzle that can reach temperature of up to 350°C, allowing high-performance materials with high melting points to melt and flow smoothly and reducing clogging risks. In addition, our printer includes a temperature-controlled chamber that can be heated up to 60°C to maintain a stable and warm printing environment and improve bonding between printed layers, minimizing warping and deformation caused by temperature changes.

R&D Process

Our R&D process encompasses six key stages, namely: (i) concept, (ii) planning, (iii) development, (iv) verification, (v) mass production and (vi) lifecycle management. Our R&D process is supported by SOPs, technical templates, and internal guidelines. Senior management and the technical leadership team are involved in monitoring, reviewing, and approving deliverables at key milestones. To ensure seamless integration between R&D and other functions, we have established cross-department collaboration mechanisms involving product, marketing, manufacturing, quality assurance and supply chain teams.

RAW MATERIAL PROCUREMENT

During the Track Record Period, our raw materials mainly included electronic and electrical components, motor components, screens, structural components, mechanical parts, optical devices, bio-based biodegradable materials and other related materials, and the substantial majority of which were sourced from China.

We typically engage reputable suppliers to ensure the quality of our products and consider a comprehensive set of factors when selecting such suppliers, which mainly include technological expertise, product quality, responsiveness and delivery speed. We also conduct periodic supplier reviews to assess their performance in delivery quality, timeliness, cost control and service. In addition, we also implement measures to continuously monitor the final product quality. See "— Quality Control" for details.

Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales forecast and master production schedule provided by our sales and marketing team, which are used by our purchasing personnel to coordinate with suppliers in order placing. After that, delivered materials undergo our quality inspection before being accepted, processed and stored.

We generally enter into framework agreements with our raw material suppliers, which set forth the general terms and conditions of purchase.

- *Renewal and Termination.* We generally enter into framework agreements with our suppliers with a fixed term ranging from one year to two years. These framework agreements are generally subject to automatic renewal upon expiration, unless terminated under certain agreed circumstances.
- *Product specifications.* We generally specify quantity, price, specification, delivery timeline, and other detailed contractual terms in the purchase orders we send to our suppliers.
- *Pricing and Payment.* We generally provide for payments based on mutually agreed prices specified in the purchase order. We are generally granted a credit period of 30-120 days for the payments, although some providers may require an upfront payment before products delivery.
- *Delivery and logistics.* Our suppliers are typically responsible for the delivery of products to our specified locations in the purchase orders.

- *Inspection and returns.* Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
- *Risk transfer.* The risk transfers to us upon our acceptance after inspection of the products received.

Our raw material prices fluctuate due to a variety of factors, including supply and demand dynamics, our ability to negotiate prices with suppliers and other factors. We usually work with multiple suppliers to reduce risks associated with product supply. During the Track Record Period, we did not experience any significant shortages of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

PRODUCTION

During the Track Record Period, we manufactured our 3D printers, laser engravers, accessories and most of the 3D printing consumables in-house. Due to factors including production efficiency, workforce and space constraints, and overall economic viability, we outsourced the processing of certain structural or electronic components to trusted suppliers. We provide suppliers with raw materials and technical designs and the suppliers complete the required processing accordingly. To ensure stable and safe production, we have established a series of internal management systems, including production safety objectives, target management systems and a production safety accountability system.

Our Production Process

Our production process consists of six main stages: material preparation and picking, component assembly, final assembly, testing and calibration, quality inspection and packaging, and warehousing.

In the first stage, raw materials and components are stored in our warehouse and managed through a digital inventory system, which monitors stock levels and supports real-time allocation. Upon receiving production orders, materials are picked and delivered to designated production lines in accordance with the bill of materials. The second stage involves the assembly of core modules such as mechanical frames, platform base units, movement systems along the X, Y and Z axis (which control front-back, left-right and up-down directions) and electrical harnesses in dedicated workstations. The sub-assembled modules are then integrated into complete units in the third stage, which focuses on the alignment, fastening and cable routing of the printer system, preparing the device for functional testing. In the fourth stage, each unit undergoes a factory mode inspection to verify system startup and interface response, followed by performance calibration and actual print testing to validate mechanical precision, extrusion consistency and print quality. Finished units are further subject to appearance inspection, safety checks, and functional re-verification in the fifth stage, with qualified products packaged with accessories and user manuals in accordance with standard shipping protocols. After packaging, finished goods are labeled and transferred to the finished goods warehouse in the final stage, awaiting distribution based on order dispatch schedules.

During the Track Record Period, we outsourced certain non-core production processes to contractors to achieve optimal cost-efficiency in our manufacturing process. The outsourced production processes mainly include the processing of components such as PCBA boards, wiring, and profiles. These processes are not considered key procedures or critical technologies. During the Track Record Period, our outsourcing expenses paid to contractors were RMB37.1 million, RMB38.6 million and RMB49.4 million in 2023, 2024 and 2025, respectively, accounting for 2.0%, 1.7% and 1.6% of our total revenue in the same periods, respectively.

Production Equipment

We procure our production equipment from established domestic suppliers to integrate advanced production technologies. As of the Latest Practicable Date, our major equipment included the bearing pressing machine and idler bracket assembly equipment, which were used for different productions steps of our products.

Production Bases in Operation

As of the Latest Practicable Date, we primarily operated three production bases. The table below sets forth details of our production bases:

Production Base	Owned/ Leased	Location	Gross Floor Area	Key Products and Functions
Huizhou production base[1]	Owned	Huizhou, Guangdong, China	180,000 m^2	Primarily responsible for the production of 3D printers, laser engravers and accessories.
Wuhan production base	Owned	Wuhan, Hubei, China	87,000 m^2	Primarily responsible for the production of 3D printers and 3D printing consumables.
Shenzhen production base	Leased	Shenzhen, Guangdong, China	7,200 m^2	Primarily responsible for the production of 3D printers[2]

Notes:

(1) Our Huizhou production base commenced production in July 2024.

(2) Prior to the commencement of production at our Huizhou facility in July 2024, we manufactured our laser engravers at our Shenzhen production base.

Set forth below are the production capacity, production volume and utilization rates of each production base for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)
	(unit)	*(unit)*	*(%)*	*(unit)*	*(unit)*	*(%)*	*(unit)*	*(unit)*	*(%)*
Huizhou production base(4)	—	—	—	257,400	174,706	67.9	526,500	467,515	88.8
Wuhan production base	660,000	600,600	91.0	412,500	305,400	74.0	450,000	403,946	89.8
Shenzhen Production base	468,000	427,646	91.4	234,000	222,078	94.9	141,000	121,915	86.5

Notes:

(1) The production capacity for each period is calculated based on the following assumptions: (i) 300 operational days per year and (ii) 10 operating hours per day.

(2) The production volume refers to actual production of the products for the relevant period.

(3) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period.

(4) Our Huizhou production base commenced production in July 2024.

The significant decrease in production capacity and utilization rate of the Shenzhen production base in 2025 was primarily due to our gradual transfer of production capacity to the Huizhou production base following its operational launch in July 2024. Going forward, our leased Shenzhen production base will only reserve certain production capacity to produce our resin 3D printers and to produce samples for R&D and testing purposes.

Third-Party Manufacturers

During the Track Record Period, we procured 3D scanners and certain 3D printing consumables from third-party manufacturers. We conduct quality inspection before selling these products under our brand. As of the Latest Practicable Date, we were involved in an intellectual property infringement litigation as a co-defendant with a third-party manufacturer, concerning two of our 3D scanners developed and manufactured by such manufacturer. See "— Legal Proceedings and Compliance" for details.

We generally enter into framework agreements with our third-party manufacturers, which set forth the general terms and conditions of purchase.

- *Renewal and Termination.* We generally enter into framework agreements with our third-party manufacturers with a fixed term ranging from one year to two years. The framework procurement agreement typically terminates upon the expiration of the agreed term and may also be terminated early under specified conditions.
- *Pricing and Payment.* The framework agreements typically specify fixed unit prices for designated product models. We reconcile accounts with our third-party manufacturers on a monthly basis.

- *Delivery and logistics.* Our third-party manufacturers are typically responsible for the delivery of products to our specified locations.
- *Inspection and returns.* Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective products that fail to meet agreed quality standards, and our third-party manufacturers shall provide remedies, including returns and/or exchanges.
- *Risk transfer.* The risk transfers to us upon our acceptance after inspection of the products received.
- *Confidentiality.* We typically include confidentiality provisions in our agreements, with confidentiality obligations potentially extending beyond agreement expiration.

In addition, during the Track Record Period, we procured certain standard parts used in prototypes of our 3D printers from third-party manufacturers, who manufacture such components in accordance with our design and specifications. During the Track Record Period and up to the Latest Practicable Date, we did not experience significant shortage in the supply of finished products, or any other material breach of agreements signed with our finished products suppliers.

OUR SUPPLIERS

During the Track Record Period, we mainly engaged suppliers for raw materials, certain 3D printing consumables and equipment, and certain outsourced services, including warehousing services and logistics services. We have strict standards for selecting the sources of our procurement to ensure product quality. In each year during the Track Record Period, our purchases from our five largest suppliers accounted for less than 30% of our total purchases of the respective year. We did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2023						
1	Supplier A[(1)]	131,609	8.2%	Third-party e-commerce	14 days	2022
2	Supplier B[(2)]	63,201	3.9%	Motor components	60 days	Before 2019
3	Supplier C[(3)]	44,413	2.8%	Advertising	30 days	2021
4	Supplier D[(4)]	39,445	2.5%	Electronic components and devices	30 days	2020
5	Supplier E[(5)]	39,237	2.4%	Consumables	30 days	Before 2019

Notes:

(1) A multinational technology company in the United States that primarily engages in e-commerce, cloud computing, online advertising, digital streaming, and artificial intelligence.

(2) A motion control technology company in the PRC that primarily engages in the R&D, manufacturing and sales of motors, motor drive systems and motion control systems.
(3) A digital advertising company in the PRC that primarily engages in providing search, display, video and shopping services.
(4) A power technology company in the PRC that primarily engages in the R&D and manufacturing of switching power supplies for LED displays, lighting and industrial control applications.
(5) A plastic machinery company in the PRC that primarily engages in the R&D, production and sales of plastic machinery and 3D printing equipment.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2024						
1	Supplier F[1]	163,604	9.0%	Optical devices	15 days	2023
2	Supplier A	151,637	8.3%	Third-party e-commerce	14 days	2022
3	Supplier E	61,350	3.4%	Consumables	30 days	Before 2019
4	Supplier C	58,640	3.2%	Advertising	30 days	2021
5	Supplier G[2]	37,981	2.1%	Optical devices	30 days	2022

Notes:

(1) A technology company in the PRC that primarily engages in the design, R&D, manufacturing, and sales of 3D vision perception products.
(2) A photonics technology company in the PRC that primarily engages in the R&D and production of laser modules, lasers and related electromechanical equipment.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2025						
1	Supplier F	304,860	11.4%	Optical devices	30 days	2023
2	Supplier A	234,497	8.8%	Third-party e-commerce	14 days	2022
3	Supplier E	115,693	4.3%	Consumables	30 days	Before 2019
4	Supplier C	96,140	3.6%	Advertising	30 days	2021
5	Supplier H[1]	49,016	1.8%	Structural components	60 days	2020

Note:

(1) A manufacturing company in the PRC that primarily engages in the manufacturing and sales of plastic products.

SALES AND MARKETING

Our Sales Network

Our sales model combines direct sales and distribution. Through direct sales, we connect directly with users to foster personalized experiences. On the other hand, we partner with distributors who resell our products to users. As of December 31, 2025, we have established a comprehensive sales network covering both online and offline channels that spans around 140 countries and regions worldwide. The following table sets forth a breakdown of our revenue by geographic location of our customers, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB'000*	*%*
	(RMB in thousands, except percentages)					
North America	560,606	29.8	615,113	26.9	1,007,239	32.2
Europe	439,986	23.4	552,995	24.2	784,617	25.1
PRC (including Hong Kong, Macau and Taiwan)[(1)]	580,474	30.8	666,517	29.1	808,470	25.9
Asia (excluding PRC)	106,553	5.7	167,780	7.3	196,906	6.3
South America	125,664	6.7	159,917	7.0	201,912	6.5
Oceania	50,529	2.7	90,031	3.9	81,424	2.6
Africa	19,050	0.9	35,975	1.6	46,472	1.5
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Note:

(1) During the Track Record Period, the vast majority of our revenue generated from PRC (including Hong Kong, Macau and Taiwan) was from cross-border e-commerce traders, who then sold our products to overseas customers.

The table below sets forth our revenue breakdown by sales channel for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB'000*	*%*
	(in thousands, except percentages)					
Online sales	671,456	35.7	936,553	40.9	1,517,870	48.5
Offline sales	1,211,406	64.3	1,351,775	59.1	1,609,170	51.5
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

During the Track Record Period, we expanded our online sales driven by the following considerations: (i) online channels diversify our sales channels to support sustainable growth, (ii) membership systems and brand communities can strengthen customer loyalty and brand recognition, enabling us to convert one-off buyers into long-term brand users, and (iii) online direct sales allow us to better understand customer needs and facilitate product optimization and strategic adjustments.

Our Online Sales

During the Track Record Period, substantially all of our revenue from our online sales were from direct sales to individual users and enterprise users through our self-operated online stores, including domestic online stores operated on e-commerce platforms such as Tmall and JD and overseas online stores operated on direct-to-customer online stores ("**DTC stores**") in various countries or on e-commerce platforms such as Amazon and eBay. We operate multiple online stores within the same e-commerce platform, such as eBay, as multiple stores allow us to enhance search visibility and traffic capture under platform algorithms, implement more refined regional and inventory management, and segregate product categories (e.g., new and refurbished products). In addition, such multi-store strategy helps reduce operational disruptions arising from potential store restrictions and strengthens competitive positioning through improved market coverage. We have complied with all the relevant platform-specific terms and conditions.

The following table sets forth a breakdown of our revenue by DTC stores and self-operated stores on e-commerce platforms, in absolute amounts and as percentages of the total revenue generated from online channels, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB'000*	*%*
	(RMB in thousands, except percentages)					
DTC stores	370,499	55.2	459,650	49.1	630,049	41.5
Self-operated stores on e-commerce platforms	300,957	44.8	476,903	50.9	887,821	58.5
Amazon	241,938	36.0	345,422	36.9	583,845	38.5
eBay	3,801	0.6	52,636	5.6	114,351	7.5
Tmall	30,958	4.6	35,339	3.8	58,318	3.8
Others[1]	24,260	3.6	43,506	4.6	131,307	8.7
Total	**671,456**	**100.0**	**936,553**	**100.0**	**1,517,870**	**100.0**

Note:

(1) Others mainly include JD, Temu, TikTok, Pingduoduo and Douyin.

The general increasing trend in our revenue of both DTC stores and self-operated stores on e-commerce platforms during the Track Record Period is consistent with our business expansion and overall revenue growth. By capturing customer demand in key overseas markets, we continued to expand our online sales network and optimize our store locations and product mix, thereby broadening our sales touchpoints and steadily enhancing our market penetration.

Our DTC stores have generally generated higher sales per store than our self-operated stores on e-commerce platforms, due to the earlier establishment, greater internal strategic importance, stronger traffic acquisition capability, and more attractive product bundle and promotion strategies of our DTC stores.

Our DTC stores were established in April 2022, and we began to operate self-operated stores on e-commerce platforms in December 2022. As a result, the DTC stores had approximately eight months of additional operating history during 2022, allowing them to accumulate greater traffic, customer awareness and repeat customers. Customers acquired through the DTC stores also tend to continue purchasing through the same channel after their initial purchase. In addition, certain DTC stores serve sales territories covering multiple countries or regions, contributing to higher sales generated by a single DTC store.

Furthermore, our DTC stores constitute our principal private-domain traffic channel, whereas our self-operated stores on e-commerce platforms rely primarily on public-domain traffic generated by the relevant platforms. We position the DTC stores as our strategic online sales channel and allocate greater internal resources to such channel. In particular:

- We are able to provide a wider range of promotional activities through the DTC stores, including bundled sales, spending-threshold discounts and other more flexible marketing arrangements, leading to a more competitive pricing policy than the self-operated stores on e-commerce platforms.

- We direct more traffic to our DTC stores through various channels, including traffic redirected from our official website, the *Creality Cloud*, user communities and other traffic channels. In 2023, 2024 and 2025, the average promotion expenses per store for our DTC stores amounted to RMB5.3 million, RMB3.6 million and RMB4.3 million, respectively, and the average promotion expenses per store for our self-operated stores on e-commerce platforms amounted to RMB1.4 million, RMB1.0 million and RMB1.5 million, respectively.

- We generally prioritize newly launched products for sale through our DTC stores and allocate inventory to such stores on a priority basis. During peak seasons with tight production capacity, we also prioritize inventory allocation and product supply to our DTC stores.

During the Track Record Period, there was a noticeable upward trend in our revenue generated from overseas online stores, primarily due to our substantial efforts to expand into overseas markets. The number of our online stores increased from 50 as of December 31, 2023 to 81 as of December 31, 2025, which was fueled by our proactive approach to establishing DTC stores and cooperating with more e-commerce platforms, as well as opening additional stores on those platforms across various countries. As a result, the percentage of revenue from our domestic online stores decreased during the Track Record Period, while absolute revenue still increased, with the number of our domestic online stores slightly increased from 14 as of December 31, 2023, to 17 as of December 31, 2025.

The table below sets forth the number of our online stores during the Track Record Period.

	As of December 31,		
	2023	2024	2025
Domestic	**14**	**16**	**17**
Self-operated stores on e-commerce platforms[1]	14	16	17
Overseas	**36**	**57**	**64**
DTC stores	8	16	19
Self-operated stores on e-commerce platforms[2]	28	41	45
Total	**50**	**73**	**81**

Notes:

(1) Mainly including Tmall and JD.
(2) Mainly including Amazon and eBay.

We pay a commission fee to operate our stores on third-party online platforms (which typically vary by product category). Below is a summary of the commissions paid to major e-commerce platforms and corresponding commission rates.

- DTC Stores: Since we utilize third-party backend systems for our DTC sales, we incur (i) a fixed monthly subscription fee and (ii) a commission fee based on sales generated at a rate of 0.2%.
- Amazon: Commission rates on Amazon typically range from 12% to 15% for each item sold on their platform.
- eBay: eBay's commission rates are based on the transaction amount, ranging from 7% to 11%.
- Others: Our other major e-commerce platforms generally charge commissions based on the order value, with rates ranging from 2% to 11%.

Our Sales on Amazon

During the Track Record Period, our largest third-party e-commerce platform, Amazon, incurred service fees amounting to RMB131.6 million, RMB151.6 million, and RMB234.5 million, respectively, in 2023, 2024 and 2025. The following table sets forth a breakdown of our service fees paid to Amazon by service type, in absolute amounts and as percentages of the total service fees paid to Amazon, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commissions	34,826	26.5	42,364	27.9	73,521	31.4
Promotion fees	53,231	40.4	49,102	32.4	67,218	28.6
Freight and storage fees	43,497	33.1	60,165	39.7	93,748	40.0

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Others	55	0.0	6	0.0	10	0.0
Total	**131,609**	**100.0**	**151,637**	**100.0**	**234,497**	**100.0**

The details of major services provided by Amazon and their respective charging bases are set forth below:

- *Promotion fees and commissions*: Mainly include (i) advertising fees and (ii) commission fees for each item sold on their platform.
- *Freight and storage fees*: Mainly include (i) a per-unit delivery fee, depending on the item's category, size, and weight, and (ii) monthly inventory storage fees based on inventory space. We also need to pay either an old inventory surcharge based on the number of days stored if over 181 days or a fulfillment by Amazon ("**FBA**") removal fee based on the size and weight of the goods.
- *Others*: Mainly include a single, fixed monthly subscription fee for bulk listings, programmatic data access, automated pricing, advanced business reports, customizable shipping rates, and eligibility for top placement on detail pages.

The salient terms of our standard cooperation agreements with Amazon during the Track Record Period are set out below:

- *Contracting parties*: We enter into contracts with different entities of Amazon for sales in different jurisdictions;
- *Termination*: Amazon may terminate or suspend the agreement or any services (i) for any reason by 30 days' advance notice to us; or (ii) immediately if we fail to cure a material breach within seven days. We may terminate or suspend the agreement or any services for any reason at any time by means specified in the agreement;
- *Duration and renewal term*: The agreement remains valid until termination;
- *Logistics arrangements*: We may choose to use third-party services providers or our in-house solutions;
- *Transfer of risks*: We retain ownership of the products and generally bear the risk of damage or loss until the products are delivered to the customers except for situations where the products are delivered via fulfillment by Amazon, in which case Amazon is liable if our product is lost or damaged due to Amazon's mishandling at its warehousing facilities or in transit for delivery to customers;
- *Credit term*: The third-party e-commerce platform generally settles outstanding balances with us every 14 days;
- *Commission*: We pay commission calculated based on a percentage of the total sales amount, mainly for its granting us the right to conduct sales activities on its marketplace;
- *Return policy*: Our customers generally have the option to return purchased products in accordance with third-party e-commerce platforms' policies;

- *Methods for sales*: We list our products on third-party e-commerce platforms and they manage the merchandising of our products. Third-party e-commerce platforms provide us with the order information for each order placed by customers and we prepare the products to be delivered by us to the customers accordingly.

Our Offline Sales

During the Track Record Period, our offline sales mainly comprised sales to distributors and substantially all of our revenue from our offline sales channel were from such sales. In each year during the Track Record Period, less than 5% of our revenue from our offline sales channel were from our direct sales of 3D printers and 3D printed products to manufacturing enterprise customers across various industries such as automotive, footwear, educational institutions and medical clinics.

We have established a distribution network, comprising retailers specializing in consumer electronics, home goods retailers, small electronic stores, and e-commerce traders. According to CIC, it is in line with the industry norm for us to engage distributors. We select well-established local enterprises with relevant industry experience, proven sales capabilities, and strong financial standing as our distribution partners.

Our distributors can be categorized to Type A and Type B, differing in our control insert on them. In particular, we enter into a distribution agreement with Type A distributors and set forth mechanisms including monthly/yearly minimum commitment, quarterly updates on local market and competitor information, monthly purchase, sales and inventory ("**PSI**") report submission, pricing incentives and promotional activities support from us. In contrast, we sign a sales contract only with monthly/yearly minimum commitment with Type B distributors.

Given the large number of Type B distributors and their relatively minor contribution to overall revenue, we exercise a lesser degree of management control over them and provide limited support. The revenue generated from our Type A distributors accounted for over 80% of the overall revenue generated from our distribution channel in each year during the Track Record Period.

The relationships between distributors and us are seller-buyer relationships — they buy our products and then resell the products to users through their own online or offline channels. Depending on the applicable incoterms and shipping arrangements, the timing of our revenue recognition varies. Historical sales generated by these distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors primarily due to (i) termination of collaboration with distributors who failed to meet our evaluation standards, taking into account their sales performance, reputation, and general working relationship with us, or violation of our contractual arrangements, and (ii) changes in their business scope or focus stemming from personal reasons that no longer aligned with our strategic goals. See "Risk Factors — Risks Relating to Our Business and Industry — Any decrease in sales from, or loss of our distributors would have adverse impacts on our business, results of operations and financial condition." for details. Our distributors may engage sub-distributors only upon our approval. In general, we do not enter into contracts with such sub-distributors and thus have no control over sales activities of such sub-distributors. During the Track Record Period, we did not have any sub-distributors.

Save as otherwise disclosed in this section concerning our identity as a former controlling shareholder of one of our distributors, to our best knowledge, there exists no other past or present relationships or dealings (including, without limitation, employment, family, trust, financing, shareholding or otherwise) between each of our distributors and/or their respective associates, on the one hand, and us and our subsidiaries, shareholders, directors or senior management, or any of our respective associates, on the other hand.

Type A Distributors

The following table sets forth the movement in the number of our Type A distributors during the periods indicated.

	Year ended 31 December		
	2023	**2024**	**2025**
Type A distributors at the beginning of year	187	236	358
Addition of new Type A distributors	49	124	114
Termination of existing Type A distributors	–	2	13
Type A distributors at the end of year	236	358	459

During the Track Record Period, the number of our Type A distributors increased steadily, which was primarily driven by the expansion of our business scale, geographic coverage and brand influence. The significant increase in the addition of new Type A distributors in 2024 can be primarily attributed to our strengthened efforts in expanding our distributor network, followed by the appeal of our first flagship multicolor printer series launched in 2024.

We proactively terminated business relationship with 2 and 13 Type A distributors in 2024 and 2025, respective, primarily because such Type A distributors' plans were not aligned with the company's strategic goals, such as their business transformation, internal strategic adjustments, or changes in their management and operational focus. Our collaboration with distributors may also be terminated if their sales channels expand in regions where we intentionally limit our product offerings to prevent cannibalization. During the Track Record Period, we did not encounter any such circumstances with our Type A distributors nor did we terminate any Type A distributor on this ground. Additionally, distributors may be terminated for failing to meet minimum sales commitments or because their overall qualifications no longer meet our partnership standards. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with these terminated Type A distributors. For terminated Type A distributors, we will not accept their product return of their remaining inventory (except for quality issues) as stipulated in the distribution agreement.

Principal Contractual Terms with Type A Distributors

We typically enter into standard distribution agreements with our Type A distributors, with the salient terms set out below:

- *Duration.* The duration of the distribution agreements is typically one year.
- *Designated scope.* We typically designate the geographic areas and product lines for which our Type A distributors are authorized to sell our products.
- *Monthly/yearly minimum commitment.* We generally require our Type A distributors to meet minimum monthly or annual purchase targets. If a Type A distributor fails to meet the relevant targets, we are entitled to request the Type A distributor to submit proposals, advice and suggestions to improve its sales performance. We also reserve the right to terminate the Type A distribution agreement with 30 days' written notice.
- *Pricing.* We offer distributor pricing to our Type A distributors, which may be adjusted from time to time based on market conditions and competitive dynamics. We also establish regional pricing guidelines that set out the recommended retail prices for our products in different geographic markets.
- *Product warranty and return*. We warrant that the products supplied to our Type A distributors meet the quality standards as specified in the relevant product specifications and are not lower than the applicable national standards. We typically do not allow Type A distributors to return products to us unless there are product quality issues caused by us.
- *Payment, inspection and logistics.* We may grant credit terms to Type A distributors on a case-by-case basis, taking into consideration factors such as cooperation history and an evaluation of their credit standing. Type A distributors are required to complete inspection of the goods within three business days of receipt.
- *Termination.* We have the right to terminate contracts with Type A distributors who breach the distribution agreement. We list several conditions that may result in breach of contract in the distribution agreements, such as where Type A distributors fail to reach the performance target in accordance with the agreement.
- *Compliance.* The Type A distributors undertake that they and their relevant affiliates and personnel shall comply with all applicable laws and regulations as well as our anti-corruption and ethical standards, including those relating to export control and economic sanctions, and shall not use or distribute any of our products in any form for purposes related to terrorism or other unlawful activities. In the event of any breach of such undertakings, we are entitled to terminate the distribution agreement immediately and seek appropriate remedies.

Robust Management of Type A Distributors

We select potential Type A distributors mainly based on qualification and license, reputation, market coverage, industry experience, financial condition, warehousing capabilities, staffing and management capabilities. Upon engagement, type A distributors are required to conduct monthly inventory checks and submit monthly PSI reports to us, which include stock levels, changes in inventory, and alerts on potential overstocking or stockouts.

Distributors are expected to maintain an appropriate inventory level typically equivalent to approximately three months of forecast demand and are further advised to adopt differentiated inventory management strategies based on product lifecycle.

Type B Distributors

The following table sets forth the movement in the number of our Type B distributors during the periods indicated.

	Year ended 31 December		
	2023	2024	2025
Type B distributors at the beginning of year	1,057	1,462	1,733
Addition of new Type B distributors	530	295	235
Termination of existing Type B distributors	125	24	5
Type B distributors at the end of year	1,462	1,733	1,963

During the Track Record Period, the number of our Type B distributors increased steadily, which was primarily driven by the expansion of our business scale, geographic coverage and brand influence.

We proactively terminated business relationship with 125, 24 and 5 Type B distributors in 2023, 2024 and 2025, respectively, primarily due to (i) failure of certain distributors to meet our evaluation standards, taking into account their sales performance, reputation, and general working relationship with us, or violation of our contractual arrangements, such as unauthorized sales beyond their designated geographic scope, thereby violating the regional sales restriction; and (ii) changes in their business scope or focus stemming from personal reasons that no longer aligned with our strategic goals. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with these terminated Type B distributors. For terminated Type B distributors, we will not accept their product return (except for quality issues) of remaining inventory as stipulated in the distribution agreement.

Principal Contractual Terms with Type B Distributors

We typically enter into sales contracts with our Type B distributors with the salient terms set out below:

- *Duration.* The duration of the sales contracts is typically one year.
- *Designated scope.* We typically designate the geographic areas and product lines for which our Type B distributors are authorized to sell our products.
- *Monthly/yearly minimum commitment.* We generally require our Type B distributors to meet minimum annual purchase targets. If a Type B distributor fails to meet the relevant targets, we are entitled to request the Type B distributor to submit proposals, advice and suggestions to improve its sales performance. We also reserve the right to terminate the Type B distribution agreement with 30 days' written notice.

- *Pricing.* We offer distributor pricing to our Type B distributors, which may be adjusted from time to time based on market conditions and competitive dynamics. We also establish regional pricing guidelines that set out the recommended retail prices for our products in different geographic markets.
- *Payment and logistics*. Type B distributors may submit purchase orders to acquire products from us. Once accepted, we shall supply products to Type B distributors on the delivery date specified in such order. We may grant credit terms to Type B distributors on a case-by-case basis, taking into consideration factors such as cooperation history and an evaluation of their credit standing.
- *Compliance*. The Type B distributors undertake that they and their relevant affiliates and personnel shall comply with all applicable laws and regulations and our anti-corruption and ethical conduct standards, including those relating to export control and economic sanctions, and shall not use or distribute any of our products in any form for purposes related to terrorism or other unlawful activities. In the event of any breach of such undertakings, we are entitled to terminate the distribution agreement immediately and seek appropriate remedies.
- *Product warranty and return*. We warrant that the products supplied to our Type B distributors meet the quality standards as specified in the relevant product specifications and are not lower than the applicable national standards. We typically do not allow Type B distributors to return products to us unless there are product quality issues caused by us.
- *Termination.* The contract can be terminated by mutual agreement between us and our Type B distributors. Each of us shall be entitled to terminate the contract by giving written notice to the other party. In addition, we have the right to terminate the contract with Type B distributors who breach the sales contract. We list several conditions that may result in breach of contract in the distribution agreements, such as where Type B distributors fail to reach the performance target in accordance with the agreement.

Coordination Between Sales Channels

We aim to minimize cannibalization among the distributors and sales channels, including sales carried out by distributors outside their designated geographic areas and sales across different sales channels without our prior authorization. In particular, we generally designate the distribution area and types of products for our distributors and prohibit distributors from selling the products outside the respective designated geographical regions. We also require our sales team and distributors to report cannibalization they have identified and have a team responsible for supervising and monitoring potential violations by distributors.

We also provide pricing guidelines for products across different sales channels and regions, detailing the suggested retail price for each market corresponding to the respective platform. Additionally, we regularly review and optimize pricing across markets to align with our strategic goals. To safeguard pricing consistency and brand value, we have also put in place restrictive measures and enforcement mechanisms against non-compliant distributors, including a formal retail price complaint mechanism. Any pricing practices that do not align with our standards can be reported through our designated channels, which will be investigated and handled to ensure the transparency and fairness of our pricing system.

During the Track Record Period, we did not identify any material instances of cross-regional or cross-channel sales.

Pricing

We determine the pricing of our products with reference to a combination of factors, including product position, technical performance of our products, quality of product materials, market competition, supply chain considerations and our target profitability. For example, when we price our high-end products, we emphasize technological value and brand premium to highlight their unique advantages, while mid-range and low-end products remain focus on pricing competitiveness as they are highly sensitive to market competition. Depending on product type and market conditions, we may adopt either cost-based or market-oriented pricing strategies. In addition, due to variations in costs mainly in relation to labor costs, shippings fee and warehouse fees, consumption levels, purchasing power, and sales channels across regions, we employ a differentiated pricing strategy tailored to each area.

Marketing

We are committed to building a trusted global brand that is user-centric, innovation-driven and emotionally resonant. In particular, we aim to foster a global communication network, cultivate localized engagement channels, and encourage user-led co-creation, allowing our products and brand to penetrate diverse application scenarios. For example, we provide multilingual customer support, establish comprehensive knowledge libraries, and host signature user events, such as maker festivals and design challenges. We also collaborate with makers, designers, engineers, educators and other user communities and further amplify our brand visibility through hero product campaigns and a robust KOL network, comprising over 2,300 KOLs worldwide as of the Latest Practicable Date. In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB301.6 million, RMB383.0 million and RMB570.1 million, respectively, representing 16.0%, 16.7% and 18.2%, respectively, of our total revenue during the same periods.

We have established localized marketing teams targeting major overseas markets, including North America, Europe, Japan, South Korea and Southeast Asia. Our global brand strategy emphasizes multi-platform presence through YouTube, Reddit, Facebook and other mainstream platforms, forming alliances with overseas KOLs, and participation in global industry exhibitions and cultural events.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of individual users, distributors and enterprises users. Our enterprise users span various industries, primarily including footwear and apparel companies, dental and medical service providers, jewelry designers and manufacturers, educational institutions and other manufacturing enterprises. They typically apply our products in (i) professional or institutional service settings, where 3D printed products are provided to their own customers or students (for example, fabrication of dental models or educational programs), or (ii) specific stages of their internal workflows, such as R&D prototyping and auxiliary manufacturing. In 2023, 2024 and 2025, our five largest customers, all of which were our Type A distributors, together generated RMB374.4 million, RMB351.6 million and RMB345.2 million of revenues, respectively, accounting for 19.9%, 15.4% and 11.0% of our total revenue, respectively. In addition, revenues generated from our largest customer accounted for 5.7%, 5.8% and 4.0% of our total revenues in 2023, 2024 and 2025, respectively. All of our five largest customers were Independent Third Parties in each year during the Track Record Period. The downstream customers of our five largest customers during the Track Record Period are mainly individual end-users of our products located in the U.S. or Europe, who bought the products through the online or offline channels of our five largest customers.

The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2023						
1	Customer A[(1)]	106,888	5.7%	3D printers and related products	15 days	2019
2	Customer B[(2)]	80,924	4.3%	3D printers and related products	60 days	2018
3	Customer C[(3)]	72,041	3.8%	3D printers and related products	90 days	2020
4	Customer D[(4)]	61,970	3.3%	3D printers and related products	60 days	2018
5	Customer E[(5)]	52,608	2.8%	3D printers and related products	75 days	2017

Notes:

(1) An offline retail company in Delaware, the US with a registered capital of US$1.2 million that primarily engages in the sales of computer products.

(2) A cross-border e-commerce company in Guangdong, the PRC with a registered capital of RMB0.5 million that primarily engages in the online sales of 3D printers to customers through third-party e-commerce platforms.

(3) A cross-border e-commerce company in Guangdong, the PRC with a registered capital of RMB10.0 million that primarily engages in online sales to customers through third-party e-commerce platforms.

(4) A cross-border e-commerce company in Guangdong, the PRC with a registered capital of RMB3.0 million that primarily engages in online distribution of third-party 3D printers to customers through third-party e-commerce platforms.

(5) An e-commerce company in Malmö, Sweden with a registered capital of SEK50 thousand that primarily engages in the wholesale of computers, computer peripheral equipment and software.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2024						
1 . . .	Customer C	131,881	5.8%	3D printers and related products	90 days	2020
2 . . .	Customer D	80,712	3.5%	3D printers and related products	60 days	2018
3 . . .	Customer E	56,164	2.5%	3D printers and related products	75 days	2017
4 . . .	Customer F[(1), (2)]	45,318	2.0%	3D printers and related products	60 days	2018
5 . . .	Customer G[(3)]	37,511	1.6%	3D printers and related products	45 days	2022

Notes:

(1) A cross-border e-commerce company in Guangdong, the PRC with a registered capital of RMB0.5 million that primarily engages in online distribution of third-party 3D printers to customers through third-party e-commerce platforms.

(2) Customer F and Customer B were under the same actual controllers prior to October 2023, and such common control ceased in October 2023. Currently, there is no merger or affiliation between Customer B and Customer F. As such, their revenue contributions were not aggregated during the Track Record Period.

(3) A company in Istanbul, Turkey with a registered capital of TRY2.0 million that primarily engages in the offline sales of 3D printers.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)				
For the year ended December 31, 2025						
1 . . .	Customer C	126,340	4.0%	3D printers and related products	90 days	2020
2 . . .	Customer E	75,283	2.4%	3D printers and related products	75 days	2017
3 . . .	Customer H[(1)]	53,248	1.7%	3D printers and related products	30 days	2022
4 . . .	Customer A	45,689	1.5%	3D printers and related products	15 days	2019
5 . . .	Customer D	44,666	1.4%	3D printers and related products	60 days	2018

Note:

(1) A cross-border e-commerce company in Guangdong, the PRC with a registered capital of RMB2.0 million that primarily engages in online sales to customers through third-party e-commerce platforms.

During the Track Record Period, our sales to Customer D generally experienced a downward trend from RMB62.0 million in 2023 to RMB44.7 million in 2025, primarily because (i) we proactively optimized our sales channel structure by allocating more resources to our self-operated online stores, leading to a decline in sales to cross-border distributors, including Customer D; and (ii) Customer D adjusted its business strategy by expanding and diversifying its portfolio to include more third-party brands. Notwithstanding the foregoing, our sales to Customer D increased slightly from RMB62.0 million in 2023 to RMB80.7 million in 2024, primarily due to Customer D's adjustments to its operating strategies and procurement cycle, as well as changes in the market demand.

Riding on the momentum of rapid growth in cross-border e-commerce since 2018, we began business cooperation with Customer D starting in 2018, leveraging on the extensive experience of its management team in the cross-border e-commerce sector. We sold products to Customer D, who then sold them to overseas end-consumers through its e-commerce platform stores and DTCs. Benefiting from such successful cooperation, and to further expand our online self-operated channels, we planned to deepen the collaboration by investing in Customer D and acquired a 60% equity stake in Customer D, making it a subsidiary in June 2019. By the end of 2019, we decided to suspend our cross-border e-commerce operations and divest our stake in Customer D in December 2019. Therefore, we held our stake in Customer D for approximately six months in 2019. However, due to factors including the COVID-19 pandemic in early 2020, the business registration change procedures were ultimately completed in June 2020. Our Directors are of the view that our pricing policy in respect of transactions with Customer D was on an arm's length basis and considered fair and reasonable.

In addition, certain of our major customers have shared presence in the 3D printing and cross-border e-commerce industries, and there have been historically or currently overlaps in shareholding, management personnel and supervisors among Customer D, Customer B and Customer F, primarily due to co-entrepreneurship and personnel mobility in the industry. In particular, Customer B and Customer F were under the same actual controllers prior to October 2023. However, after October 2023, the actual controller of Customer F changed and currently, there is no merger or affiliation between Customer B and Customer F. Moreover, (i) the current supervisor of Customer D holds a 37.2% equity stake in Customer D, and she also holds an 18% equity stake in Customer B through her wholly-owned company and serves as its supervisor. She also previously held an 18% equity stake in Customer F; (ii) the current legal representative, director and the only shareholder of Customer F indirectly holds 0.6% equity in Customer B through a company in which she holds a 1% stake. She previously held 24% equity in Customer D; and (iii) the current legal representative, director and actual controller of Customer B indirectly holds 59.4% equity in Customer B through a company in which he holds a 99% stake. He previously held 100% equity in Customer F. To the best of our knowledge, the three persons mentioned above all have confidence in the prospects of the 3D printing industry and the cross-border e-commerce industry. However, they hold different perspectives on the industry, varying future strategic directions, and distinct management approaches. Consequently, during the business development of Customer D, Customer F, and Customer B, there were changes in directors, supervisors, senior management personnel and equity structure.

Nonetheless, Customer D, Customer F, and Customer B maintain independent assets, operations, personnel, finances, and organizational structures, and operate independently without any subordinate or unified management relationship. Furthermore, during their cooperation with our Company, these customers developed distinct business models, with Customer D and Customer F primarily focusing on the distribution of third-party 3D printers, while Customer B being also engaged in the research, development, and manufacture of their own branded 3D printers.

Apart from the foregoing, to the best knowledge of our Company, there exists no other past or present relationships (business, employment, trust, family, financing or otherwise) between each of our five largest customers and/or their respective associates, on the one hand, and us and our subsidiaries, shareholders, directors or senior management, or any of our respective associates, on the other hand.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets, and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had 944 granted patents in China and overseas, including 135 invention patents, and 1,245 patent applications. As of the same date, we had 58 copyrights, 792 registered trademarks and 135 domain names in China and overseas. For our portfolio of material intellectual property rights as of the Latest Practicable Date, see "Appendix VII — Statutory and General Information — B. Further Information about our Business — 2. Our Intellectual Property Rights".

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentially agreements, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and the physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to obtain or maintain adequate intellectual property rights protection for our products and services, or the scope of such intellectual property rights protection may not be sufficiently broad.".

QUALITY CONTROL

We have implemented a comprehensive quality assurance system that ensures product consistency and reliability across all stages of our operations, including (i) early-stage R&D validation, (ii) systematic batch raw material inspections, (iii) in-process quality control through real-time inspections following In-Process Quality Control ("**IPQC**") protocols and supported by Manufacturing Execution System ("**MES**") systems and automated testing equipment, and (iv) finished goods testing, including performance testing and appearance verification. We also implement reliability sampling inspections during mass production for continuous quality control and monitoring.

Our quality control practices are governed by a structured SOP framework, supported by key internal regulations, including our quality manual and internal audit protocol. We also maintain product traceability and a customer feedback closed-loop mechanism through our traceability control procedure and customer complaint handling process. Our quality management system is certified under ISO9001, covering the design and manufacturing of 3D printers.

We have a dedicated quality management department comprising over 100 personnel. We regularly conduct internal quality audits and apply continuous improvement processes to address customer feedback and product performance data.

CUSTOMER SERVICES AND PRODUCT WARRANTY

Our after-sales services have been developed and optimized alongside our product portfolio growth to ensure users receive timely, effective and local market-oriented support.

Global Customer Service and Technical Support Network

As of the Latest Practicable Date, we had accumulated a highly skilled and multilingual customer service team, including customer service personnel based in five countries and regions, providing professional support in Chinese, English, Japanese, German and Portuguese. In China, our in-house customer service teams in Shenzhen and Wuhan comprises of over 50 professionals. In the Philippines and Pakistan, we engage service providers, each with over 20 team members, to serve English-speaking customers worldwide. In Brazil and Germany, we have stationed customer service representatives to provide prompt and localized support.

Customers may contact our customer service team through official channels for any after-sales issues. For return or exchange requests, our customer service team verifies eligibility based on the proof of purchase and applicable platform policy and guides the customer through the relevant process for eligible return or exchange, or for fault diagnosis and repair arrangements for ineligible requests. For repair requests, Our service team assesses the issue remotely and either sends replacement parts or arranges for factory repair. If a product is deemed non-repairable or not worth repairing, we may offer a replacement or a discounted upgrade.

We currently operate after-sales service centers in five countries to provide customers with professional spare parts and repair services:

- **In China**, our Huizhou after-sales center serves both as the global parts supply hub and domestic repair center, and we also offer on-site repair services within China.

- **Internationally**, we have after-sales centers in the United States, Poland, Brazil and Chile. Our self-operated center in the United States provides parts supply and batch repair/refurbishment services to North American customers. In Poland, we have a third-party service center supporting spare parts supply and refurbishment for our European customers. In Brazil and Chile, we operate local repair centers that offer spare parts and maintenance services to local customers.

Product Returns and Warranty

Product Returns and Exchange

For our direct sales, we generally offer a 7-day return period without reason to our customers. For defective products, we generally offer a 15-day return period and 30-day exchange period. The applicable return and exchange periods may vary depending on the relevant local laws and regulations and the policies of the respective e-commerce platforms.

For sales to our distributors, we adopt different after-sales service models depending on the specific arrangements with each distributor:

- *Buy-out after-sales model*: Distributors are fully responsible for after-sales services once the products are sold, and we do not handle returns or repairs.
- *Brand-supported after-sales model*: We provide after-sales services including maintenance, replacement of parts, or technical support, for defective products even after the sale has been made by the distributor but we do not handle returns.
- *All-inclusive after-sales model*: This model is exclusively available to distributors in specific industries or with particular practices, primarily large retail channels, to whom we offer more comprehensive after-sales services due to industry practices and operational models, including the replacement of defective products, repairs, and, in rare circumstances handling returns regardless of whether the product is defective.

On average, the value of products returned by customers accounted for less than 5% of our total revenue of respective periods during the Track Record Period.

Product Warranty

For our direct sales, we provide warranty services for product malfunctions caused by non-human factors, with specific terms varying by product type and market in order to comply with applicable local laws, regulations and industry standards. We generally offer a one-year warranty for our complete units and core components. Consumables are covered by a warranty period of either three months or six months depending on their susceptibility to wear and tear. For our sales to distributors, we may offer customized after-sales arrangements, including extended warranty services and other tailored support.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material product returns, exchanges, complaints or product liability claims from our customers. We received no material customer complaints or requests for product exchanges due to product quality and defects which were material to our business. We have made provisions for our product warranty expense during the Track Record Period and up to the Latest Practicable Date.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Our domestic warehouses are located within our production facilities in Huizhou and Wuhan and we utilize overseas warehousing services providers in Germany and the U.S. to meet our storage needs. Additionally, we primarily engage third-party logistics service providers for delivery.

We established comprehensive systems and procedures for warehousing, logistics, and inventory management to standardize the entire process from receipt of materials, stock-in of inventory, return of manufacturing materials and finished product delivery, each of which undergoes rigorous verification. We also regularly review and update relevant procedures and provide staff training to ensure strict procedural compliance, including inspection, handling, and reporting of anomalies.

For inventory management, we employ Enterprise Resource Planning ("**ERP**") software to track inventory levels and control inventory movement and storage for more accurate procurement planning. We also conduct regular cycle counts and annual inventory stock-taking to maintain accurate and transparent inventory management and periodic analysis of slow-moving inventory to develop management plans promptly.

INFORMATION SECURITY AND DATA PRIVACY

Our business operations involve the collection, use, storage, transfer and other processing of personal data, primarily including contact information, delivery addresses and purchase records (including payment information which we use to complete the transactions made by users and provide them with membership loyalty benefits). Our users primarily contact us through email and the online functions of our *Creality Cloud*. In addition, we also collect the basic information of our distributors and their designated contacts to facilitate store management. In the course of business operation, we send text messages to mobile numbers/emails collected from users for marketing and promotion purposes upon obtaining their approval. We do not collect users' personal information through Nexbie, nor provide domestic personal information to any third-party e-commerce platforms overseas.

We strictly comply with applicable laws and regulations and enhance our data compliance management practices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakages or data loss, nor did we experience any material unauthorized use of users' personal information. As of the Latest Practicable Date, we have not received any cybersecurity, data security or personal data protection related enquiries from any competent regulatory authorities. As a result of our internal control and compliance efforts (including setting up company policies on personal data) and as advised by our legal advisors as to data privacy in major jurisdictions (including Chinese Mainland, the US, Germany, and Hong Kong), we believe that our business operations are in compliance with applicable cross-border data sharing laws and regulations in markets where we operate in all material aspects. In particular, personal data is stored regionally in accordance with local regulations. For example, the personal information we collect through Creality Cloud is stored only in Chinese Mainland without being transferred to other jurisdictions. Cross-border transfers, where necessary, are governed by recognized legal mechanisms such as Standard Contractual Clauses (SCCs) and relevant data processing agreements. We provide clear notice to users and implement robust technical safeguards to protect data during such transfer.

We have implemented a comprehensive set of data security protection measures across our operations, including:

- **Data handling and change management**: We have established internal measures covering the Group's overall data and personal information security management, including classified and graded information protection management and full lifecycle protection requirements for customer personal information, including collection, transfer, storage, use, backup, and destruction. All requests for changes to IT systems or data processing must go through our internal approval workflow. Database-level changes are subject to mandatory script-based review and execution approval to ensure auditability and control.
- **Data storage and transmission security**: We encrypt user-related personal data for storage and data transmission channels via secure communication protocols such as TLS/SSL to prevent unauthorized access, interception or tampering during network transmission. Additionally, all personal data collected and processed by in our Group's daily business operations within Chinese mainland is stored within its territory.
- **Access control**: We adopt a strict access control policy based on the principles of least privilege and segregation of duties. Additionally, we have implemented internal management over data access permissions and established corresponding permission application workflows.
- **Cybersecurity protection measures**: We have deployed antivirus software and endpoint protection systems on our servers and office terminals, with regular virus database updates, full scans and real-time monitoring to defend against malicious code. We have also deployed network firewalls and web application firewalls to block attacks.
- **Collection and usage of personal information**: We have established internal procedures governing the collection, use and management of personal information, and fulfill the notification obligations and obtain prior consent from individuals before collecting or using personal information in accordance with applicable laws and regulations.

Our Audit Department is responsible for regularly auditing the internal policies, process, and implementation of information security. In addition, we have appointed specialized data experts to enhance our internal policies and procedures, align with prevailing industry standards, and ensure ongoing compliance with applicable data protection and privacy laws. We have not identified any material weaknesses or deficiencies with respect to our data protection and cybersecurity practice, and nothing has come to our attention that would cause us to believe that our business operation are non-compliant with applicable current data security laws and regulations in any material aspects. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have complied with the applicable data privacy, cybersecurity, cross-border data and artificial intelligence laws and regulations in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice or warning from any relevant government authority, and have not been subject to any investigation, sanctions or penalties by such authorities regarding cybersecurity, data privacy and security.

COMPETITION

The global 3D creative industry is undergoing rapid development, supported by continuous advances in AI, hardware performance and digital fabrication technologies. The industry is relatively concentrated, especially in 3D printing and laser engraving, where the largest player accounts for over 40% of market share, while the remaining top 5 players each hold market shares of around 10%. In addition, competition among the second-tier participants has intensified, with market shares evolving and certain emerging players gaining share.

See "Industry Overview" for more details.

RECENT DEVELOPMENTS REGARDING U.S. TARIFFS

Our business in the U.S. continued to grow despite the impact of changes in U.S. tariff policy that occurred in 2025 as a result of our countermeasures and certain characteristics of our industry. During the Track Record Period, our revenue generated from the sales to the United States amounted to RMB492.7 million, RMB524.8 million and RMB887.6 million, respectively, in 2023, 2024 and 2025, accounting for 26.2%, 22.9% and 28.4% of the total revenue for the same periods. As a result, we do not expect the relevant changes in the U.S. tariff policy would have a material adverse effect on our business and financial conditions.

In addition, since February 2025, China has implemented a series of retaliatory measures in response to the U.S. tariff policies, which did not have a material adverse effect on us, because we do not procure raw materials from the U.S..

Applicable U.S. Tariff Rates

Our products exported from China to the U.S. are subject to U.S. tariffs. Before February 1, 2025, the applicable tariff rates ranged from 25.0% to 30.8% depending on the categories of the relevant products, pursuant to the HTSUS and the Section 301 Tariffs. In early 2025, the

U.S. government initiated a series of escalating tariff policies primarily targeting China. As of the Latest Practicable Date, the tariffs pursuant to the HTSUS, the Section 301 Tariffs and the reciprocal tariffs remained in force on imports from Chinese Mainland. The table below set forth the applicable tariff rates as of the dates indicated by business line.

	Applicable tariff rates as of January 31, 2025	Applicable tariff as of December 31, 2025	Applicable tariff rates as of the Latest Practicable Date
3D Printers	28.1%	48.1%	38.1%
3D Printing Consumables	30.8%	50.8%	40.8%
3D Scanners	25.0%	45.0%	35.0%
Laser engravers	27.4%	47.4%	37.4%
Main accessories	25.0%	45.0%	35.0%

Set forth below are the changes in policies, including tariff type and the date of implementation, issued by the U.S. in relation to imports from China:

The International Emergency Economic Powers Act ("IEEPA") tariff

On February 1, 2025, the U.S. government imposed a 10% tariff on all imports from China, effective February 4, 2025. On March 3, 2025, the U.S. government imposed an additional 10% tariff on all imports from China, increasing the rate to 20% in total, effective March 4, 2025. On November 4, 2025, the U.S. government announced that it would reduce tariffs on Chinese imports from 20% to 10%, effective November 10, 2025. On February 20, 2026, the U.S. government announced that the 10% tariff on Chinese imports would be terminated, effective February 24, 2026.

Reciprocal tariffs

On April 2, 2025, the U.S. government imposed reciprocal tariffs on imports from China with a baseline at 34%, effective April 9, 2025. The U.S. government ended duty-free treatment for low-value imports (USD800 or less) from Chinese Mainland and Hong Kong, effective May 2, 2025, with new tariffs introduced for postal shipments, initially 30% tariff on these imports, or USD25 per item, rising to USD50 per item, effective from June 1, 2025. From April 2 to April 9, 2025, the U.S. tariff on low-value imports from Chinese Mainland and Hong Kong increased from 30% to 120%. On April 8, 2025, the U.S. government increased reciprocal tariffs on imports from Chinese Mainland and Hong Kong from 34% to 84%, and further to 125% on April 9, 2025, effective on April 10, 2025.

On May 12, 2025, the U.S. and China agreed to a 90-day reduction in tariffs. The U.S. reduced its reciprocal tariffs on imports from Chinese Mainland and Hong Kong from 125% to 10%, effective May 14, 2025, by suspending 24% of the reciprocal tariffs for 90 days, which was further agreed on August 11, 2025 to be extended for an additional 90 days until November 10, 2025. The U.S. government also reduced its "de minimis" tariff rate on low-value imports from Chinese Mainland and Hong Kong from 120% to 54%, while maintaining the flat processing fee. On November 4, 2025, the U.S. government announced that it would maintain the current 10% reciprocal tariff during a suspension period until 10 November 2026.

There continue to be significant uncertainties around changes to U.S. trade policies. See "Risk Factors — Risks Relating to Our Business and Industry — Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations" for more details.

Our Countermeasures

To address the impact of the additional U.S. tariffs, we have taken the following measures to enhance our sales in the U.S., consistent with the industry practice, as confirmed by CIC:

– ***Price Adjustments*** — We passed on the impacts of the tariff increases to customers through adjustments on the recommended retail prices. Our price adjustments varied by sales channel and product line, taking into account factors such as anticipated market acceptance, competitors' marketing tactics and customer willingness to absorb the changes.
– ***Inventory Level Adjustments* —** We have been monitoring the tariff since February 1, 2025, adjusting inventory levels in our U.S. warehouses and monitoring those held by our distributors in the U.S. to maintain a flexible supply chain. We continued these strategies and coordinated inventories among sales channels partners to maintain sales supply until July 8, 2025. From July 9, 2025 to November 10, 2025, we increased our inventory levels in our U.S. warehouses and strengthened our logistics capabilities.
– ***Diversifying Production Source*** — We have been exploring cooperation with manufacturing facilities in countries and regions with relatively lower U.S. tariffs, such as Vietnam, to diversify our production sources.

The following table sets forth the revenue, sales volume and selling price of our hardware products in the U.S. before and after changes in U.S. tariff policies.

	In the first quarter of 2025			In the second quarter of 2025			In the third quarter of 2025			In the fourth quarter of 2025		
	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	RMB'000	*Unit'000*	*RMB*	*RMB'000*	*Unit'000*	*RMB*	*RMB'000*	*Unit'000*	*RMB*	*RMB'000*	*Unit'000*	*RMB*
3D printers	128,148	31	4,107	107,414	36	3,021	86,720	24	3,541	183,541	60	3,064
3D printing consumables	31,573	202	156	33,183	236	141	36,763	260	141	56,025	409	137
3D scanners	23,616	6	3,736	21,763	6	3,803	13,392	2	6,476	27,083	8	3,559
Laser engravers	12,873	4	3,003	14,297	5	3,140	14,235	4	3,284	30,222	10	2,945

We also recorded revenue of RMB11.1 million, RMB13.1 million, RMB17.0 million and RMB25.4 million from sales of accessories and others in the U.S. in each quarter of 2025, respectively; and recorded revenue of nil, nil, RMB81.6 thousand and RMB47.1 thousand from sales of 3D printed products and services in the U.S. in the same respective periods. Our quarterly performance may fluctuate due to promotional cycles and product launch timing. In particular, the third quarter is typically a consumption off-season with fewer large-scale promotion campaigns and launch of new products, resulting in relatively softer demand and a decline in revenue of our 3D printers and 3D scanners. In contrast, in the fourth quarter of 2025, revenue across all business lines and sales volume of our hardware products increased significantly, primarily driven by strong seasonal demand during major holiday shopping events and intensified promotional activities. The decrease in average selling price of certain hardware products was mainly due to seasonal promotional discounts rather than tariff-related pricing adjustments.

Certain Characteristics of Our Industry

According to CIC, the mainstream 3D printing products and services in the U.S. market are predominantly sourced from China, with over 80% of consumer 3D printers sold in the U.S. being manufactured by Chinese companies. As a result, Chinese 3D printer manufacturers are similarly affected by changes in U.S. tariff policies, and as a response, they have increased their recommended retail prices. Meanwhile, customers in the 3D creative industry typically possess greater purchasing power and are less price-sensitive.

INSURANCE

We maintain insurance policies to cover over our daily operations, primarily including product liability insurance, which covers claims for bodily injury and property damage arising from defects in our products, and short-term export credit insurance, and review such policies periodically to ensure compliances with the statutory PRC laws and regulations. We did not purchase insurance to cover warranty expenses during the Track Record Period, mainly because such expenses typically relate to replacement of components and freight charges, and only account for a small portion of our after-sales expenses. According to CIC, it is common industry practice not to purchase insurance to cover warranty expenses in the 3D printing industry. We believe that our existing insurance coverage is adequate for our business operation and is in line with industry standards in the countries where we operate.

During the Track Record Period, we were not subject to any material claims of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations" for more details.

EMPLOYEES

As of December 31, 2025, we had a total of 3,129 full-time employees. Most of our employees are based in China during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number	Percentage of Total Number
Supply Chain Operations	1,475	47.1%
R&D	743	23.7%
Sales and Marketing	633	20.2%
Administrative and Support	278	9.0%
Total	**3,129**	**100.0%**

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition. In particular, the noncompetition provision and confidentiality provisions are effective during and after their employment with us.

We have invested substantial effort and resources in recruiting and training our employees. In addition to our regular recruitment program through recruiting firms and other third-parties, we have implemented an internal referral policy. We also provide internal training programs periodically to enhance employees' technical know-how and solidify their industry knowledge and expertise for the industry.

We believe that we maintain good working relationships with our employees. We have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

As required by applicable laws and regulations, we participate in government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans and housing provident funds.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees, nor made contributions to such funds for all of our employees, as required by the relevant PRC laws and regulations, primarily due to the preference of our employees not to make full contribution to such funds. In 2023, 2024 and 2025, the shortfall of our social insurance contributions and housing provident funds was RMB15.1 million, RMB16.5 million and RMB25.4 million, respectively. Given that we will make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities, the maximum potential penalty would be limited to the shortfall in our social insurance and housing provident fund contributions as above. See "Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor related regulations and rules may subject us to fines and other legal or administrative sanctions" for more details.

As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

Considering that: (i) during the Track Record Period and up to the Latest Practicable Date, we did not receive any notification or request from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, and we were not under investigation by any of the competent authorities with respect to this matter; (ii) we will make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities; (iii) (a) based on written confirmations from relevant authorities, during the Track Record Period, we were not subject to any administrative penalties imposed by the social insurance authorities or the housing provident fund authorities due to insufficient payment of social insurance or housing provident funds and (b) we learned from the interviews with relevant authorities where the majority of our employees locate that, in practice, these authorities typically do not proactively require enterprises within their responsible districts to make supplementary payments for shortfalls of social insurance (which, according to applicable rules, also include late fees) or housing provident funds, and they generally do not proactively impose administrative penalties on enterprises for such insufficient payments; and (iv) pursuant to the Notice of the General Office of the State Taxation Administration on Properly and Orderly Implementing the Collection and Management of Social Insurance Contributions (國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知) and the Notice of the General Office of the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Contribution Rates (國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知), tax enforcement inspections shall be conducted in a standardized manner, no voluntary organization of inspections on overdue contributions from prior years shall be carried out and during the reform of the collection system, no centralized collection of enterprises' historical overdue contributions shall be conducted on a voluntary basis, our PRC Legal Advisor is of the view that, under the premise that there are no significant changes to current PRC policies and regulations or to the enforcement and supervision requirements of local governments, the likelihood that during the Track Record Period and up to the Latest Practicable Date we were required to pay the historical shortfalls of social insurance and housing provident fund contributions is remote, and the likelihood that we would be subject to administrative penalties due to our failure to provide full social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date is remote. As for the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**Rule**"), it merely interprets and clarifies the currently effective laws and regulations from the perspective of judicial adjudication and does not establish any new laws or regulations. First, with respect to the Rule's provision that an agreement to waive social security contributions is invalid, our PRC Legal Advisor is of the view that as our Company has not entered into any agreement with any employee to waive social security contributions, the Rule is not applicable to our Company and accordingly will not have material adverse impact on our business operations and financial position. Second, regarding the Rule's provision that an employer's failure to pay social security contributions in accordance with the law entitles the employee to terminate the labor contract and claim economic compensation from the employer, this provision merely reiterates the existing requirements under Article 38 of the currently effective Labor Contract Law (last amended in 2012). Our PRC Legal Advisor is of the view that considering the existing laws and regulations, our Company will not incur any additional legal liability as a result of the Rule, and therefore the Rule will not have a material adverse impact on our business operations and financial position. Also, the economic compensation referred to in the Rule is the compensation for termination of a labor contract under the Labor Contract Law, instead of the overdue social security contribution amounts. Therefore, we have duly considered the content and impact of the Rule, and the Rule will not affect the shortfall or provisions for the shortfalls of contribution.

Pursuant to International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets ("**IAS 37**"), a provision should be recognized only when an entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In addition, IAS 37 further provides that no provision or contingent liability is recognized and no disclosure is required, when the possibility of an outflow of resources embodying economic benefits in settlement of a present obligation or a possible obligation is remote.

Based on the aforementioned view of our PRC Legal Advisor, our Directors believe that it is highly unlikely that this would have a material adverse effect upon our business, results of operations and financial position.

Based on the above, we had not made provisions for the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period.

To enhance our compliance with the relevant requirements, we plan to implement following enhanced internal control measures upon [**REDACTED**]: (i) offer more internal educational sessions on social insurance and housing provident funds, especially to the non-cooperating employees, to heighten their compliance awareness and procure their cooperation; (ii) enhance our HR management policies in this regard; (iii) designate a team with members of our legal and compliance department and other departments to monitor our ongoing compliance with the relevant regulations and implement necessary corrective measures; (iv) regularly communicate with the relevant PRC authorities to ascertain that our contribution calculation and remitting practices are in full compliance with all pertinent regulations; (v) continuously track changes to relevant laws and regulations; (vi) regularly consult our PRC legal advisor to assess our non-compliance risks. We will ensure ongoing compliance with applicable laws and regulations going forward, and expect to fully rectify the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period by end of 2027.

PROPERTIES

Owned Properties

As of Latest Practicable Date, we owned 13 buildings or units across China with an aggregate GFA of approximately 265.0 thousand sq.m., which were mainly used as our production premises.

As of the Latest Practicable Date, we were in the process of obtaining the building ownership certificates for three properties which are currently used as gatehouses and canopy. Pursuant to the applicable PRC laws and regulations, failure to obtain the ownership certificates may lead to the cessation of construction, required corrections, demolition, confiscation of illegal income, or fines. For the aforementioned building, no additional construction costs were incurred; consequently, the maximum penalty, calculated as 10% of the construction cost as prescribed by law, is not applicable. As advised by our PRC Legal Advisor, the absence of such ownership certificates will not materially and adversely affect our operations, considering that: (i) the affected properties are auxiliary structures not intended for core operations; (ii) based on the compliance certificates obtained by the relevant subsidiaries to which the affected properties belong, we have not been subject to any administrative penalties or instances of dishonesty; and (iii) our Directors confirm that we will comply with any demolition requirements set by the relevant government authorities within the specified timeframe.

Lease Properties

As of Latest Practicable Date, we leased nine properties across China, with an aggregate GFA of approximately 23.0 thousand sq.m., which were used as our R&D, production, warehouses and office places, and one property with an aggregate GFA of approximately 21.5 thousand sq. ft in the U.S., which were mainly used as our warehouses. Our leases generally have a term ranging from approximately two to five years. We are generally allowed to terminate lease agreements with a prior notice, albeit usually at the cost of forfeiting deposits and/or paying a termination fee.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we did not complete lease registration for the properties we leased for office, R&D, warehouse and production purpose under lease agreements with four of the nine lessors in China. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. Therefore the maximum exposure to penalties or fines for lacking of lease agreement registration would be RMB40,000. The failure of lease agreement registration was primarily due to registration requires cooperation from both parties, and lessors are typically unwilling to complete such procedures due to the low penalty risk. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

In addition, as of the Latest Practicable Date, the current usage of our two properties is inconsistent with the planned usage or the usage limitation as stated on the relevant certificate. Furthermore, one landlord of our lease property had not provided us with the property ownership certificate. As advised by our PRC Legal Advisor, it is the owners of the real property, rather than the lessees, who are legally required to obtain the relevant real property title certificates. Therefore, the aforementioned title defects will not expose us to any penalties. However, pursuant to the applicable PRC laws and regulations, such defects may require us to vacate the lease properties. As advised by our PRC Legal Advisor, the defects of such leased properties will not materially and adversely affect our operations, considering that these leased properties: (i) are primarily used as office buildings rather than production facilities which are readily available in the market and easily to relocate, and (ii) entail relatively small gross floor area.

Property Valuation

The Property Valuation Report from Asia-Pacific Consulting and Appraisal Limited ("**AsiaPacific Consulting**"), an independent property valuer, set out in Appendix III of this document, sets out details of our selective property interests as of January 31, 2026. AsiaPacific Consulting valued these property interests at an amount of RMB592.5 million as of January 31, 2026. Except for the property interests set forth in the Property Valuation Report from AsiaPacific Consulting, no other property interests are used for property activities as defined under Rule 5.01 of the Listing Rules. No single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of December 31, 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to being a responsible corporate citizen by complying with applicable laws, regulations, and recognized market practices, while actively promoting societal well-being. As a global enterprise in the 3D creative industry, we place significant emphasis on environmental, social, and governance ("**ESG**") matters.

Our ESG Governance Structure

Our Board regularly reviews our ESG management framework, receives periodic updates on ESG performance, and provides strategic guidance on key ESG matters. Our ESG evaluation system incorporates core dimensions such as product environmental impact, responsible sourcing, workplace safety, and compliance with applicable laws and standards. Following the [**REDACTED**], we will publish an annual ESG report in accordance with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules and with reference to leading ESG evaluation frameworks such as the S&P Corporate Sustainability Assessment.

We established a dedicated ESG working group comprising members from relevant departments, including product development, operations, procurement, human resources, and investor relations. The working group will support our Board by tracking ESG indicators, monitoring compliance developments, establishing internal policies and workflows, and enhancing the disclosure practices in line with Chapter 4.3 of the ESG Guide. Regular reporting from the working group will ensure that ESG performance and risks are effectively integrated into our broader corporate strategy.

Environmental Protection

Eco-friendly Practice

We comply with applicable environmental laws and regulations in all material aspects in the PRC, including but not limited to the PRC Environmental Protection Law, the PRC Air Pollution Prevention and Control Law, and the PRC Energy Conservation Law. In addition, we have established internal policies governing environmental impact assessment and mitigation, with clearly defined procedures and targets for environmental friendliness during production and product usage phases. We recognize that the sales and use of 3D printing filaments may give rise to certain environmental impacts, primarily relating to the sourcing of raw materials, energy consumption during manufacturing, packaging materials, and waste generated from used or discarded filaments and packaging. To assess and monitor the relevant environmental and ESG implications, we conduct internal reviews of our filament portfolio with a focus on material composition, compatibility with eco-conscious alternatives and packaging practices. We also monitor developments in sustainable materials and regulatory expectations, and incorporate environmental considerations into product design and procurement decisions where practicable. In response to the above environmental considerations, we also actively advocate for the use of sustainable filaments and have enhanced compatibility for PLA and other eco-conscious filaments across our product lines, and adopt eco-friendly product packaging designs and strive to reduce packaging materials without compromising durability or protection.

Waste Management

We have engaged licensed third-party service providers to collect, transport, and process production and office waste in accordance with relevant regulatory standards. Recyclable materials including PLA/ABS filament remnants, printer component packaging and paper-based waste are collected and sorted for recycling or reuse. Non-recyclable waste is disposed of through qualified disposal channels to avoid secondary pollution.

In addition to external compliance measures, we have also established internal waste management practices tailored to the characteristics of the 3D printing industry. Specifically, we recycle failed prints and process scraps (PLA/PETG/ABS) by reprocessing them into special-use filaments for resale. Furthermore, our adoption of modular product design extends the lifecycle of our equipment and reduces e-waste, as components such as nozzles and belts can be replaced individually without the need to discard the entire machine.

Resources Consumption Management

We are committed to the responsible use of natural resources and strive to enhance energy and water efficiency across our operations. Electricity is the primary source of energy consumption in our business activities, particularly in relation to equipment operation, production line automation, environmental control systems and office facilities. To improve our energy efficiency, we have implemented operational control procedures aimed at monitoring and reducing electricity consumption, including (i) adoption of LED energy-saving lighting in our offices and production areas; (ii) installation of equipment with power-saving features, including automatic standby mode, temperature-regulated cooling systems and optimized printing algorithms; and (iii) periodic electricity usage tracking at workshop and office levels, enabling data-driven energy optimization.

Water is primarily used in our facilities for sanitation and routine cleaning. Although our operations are not water-intensive, we have implemented the following water-saving measures: (i) encourage water-saving habits among staff; (ii) install water-efficient fixtures; and (iii) conduct periodic inspections and timely maintenance of water supply systems. By continuously identifying new water-saving opportunities and focusing on minimising water consumption, we aim to reduce our water usage per capita by 5% in 2026 compared to 2025 levels.

ESG Management Goals

To effectively assess and manage ESG-related risks, we have adopted a structured materiality assessment process with reference to international sustainability frameworks, including the United Nations Sustainable Development Goals (SDGs), the EFRAG European Sustainability Reporting Standards, and the GHG Protocol. We regularly conduct stakeholder surveys and expert consultations to identify issues of high relevance to our operations and long-term sustainability strategy.

We have also established measurable ESG targets, including: (i) achieve carbon peak in our operations by 2029 and carbon neutrality by 2050; (ii) gradually increase the proportion of renewable electricity in our purchased energy mix, including through participation in green electricity trading mechanisms and the purchase of renewable energy certificates, with a long-term target of achieving 100% renewable electricity usage by 2050; (iii) continuously improve the recycling rate of waste materials, including defective printing components, packaging and consumables, while promoting the adoption of biodegradable and eco-friendly filaments such as PLA; (iv) optimize the energy efficiency of our 3D printers through advanced hardware design and software algorithms, targeting year-on-year reductions in energy consumption per unit of printing output; and (v) extend product lifecycle through modular design and refurbishment programs.

ESG-related Metrics

We are committed to environmental sustainability and actively monitor, assess, and manage our resource consumption and pollutant emissions throughout our business operations. The major resources we consumed were energy, including petrol, diesel oil and electricity, as well as water. Table A illustrates our overall usage of these resources from 2023 to 2025, while Table B illustrates the resource consumption density over the same period. In 2025, the consumption intensity of electricity, water, petrol and diesel increased compared to 2024, primarily due to expanded production scale, and increased logistics and material-handling activities during the year. Notwithstanding such increases, we continues to implement efficiency enhancement measures and will further optimize equipment utilization, transportation planning and energy management to improve resource efficiency over the longer term.

Table A: Use of resources from 2023 to 2025

Use of resources	KPIs	Energy Type	Unit	Year ended December 31		
				2023	2024	2025
Energy	Petrol	Direct	Litre	16,712.9	14,602.6	21,680.0
	Diesel oil	Direct	Litre	3,538.7	13,547.0	13,940.5
	Electricity	Indirect	kWh	4,979,661.8	7,790,764.7	13,480,619.2
Water	Water consumption		Tonnes	74,010.7	98,955.0	141,190.4

Table B: Resource consumption density from 2023 to 2025

Use of resources	KPIs	Unit	Year ended December 31		
			2023	2024	2025
Energy	Petrol	Litre/10 thousand square meters	1,388.3	500.4	729.9
	Diesel oil	Litre/10 thousand square meters	294.0	464.2	469.4
	Electricity	kWh/10 thousand square meters	413,649.9	266,955.8	453,874.7
Water	Water consumption	Tonnes/10 thousand square meters	6,147.9	3,390.8	4,753.7

Notes:

1. The Group measures resource consumption density primarily based on consumption per unit of floor area, which reflects the intensity of resource usage relative to its manufacturing and operational footprint. Given the Group's production-oriented operations, resource consumption is more directly correlated with facility scale and production space utilization rather than headcount or revenue. In addition, given the Group's diversified product portfolio, including 3D printers, laser engravers, scanners and consumables, different product categories involve varying production processes, unit values and resource consumption characteristics. As such, output-based metrics may not provide a directly comparable or representative basis for measuring resource consumption intensity.

2. The fluctuations in the Group's resource consumption density during the Track Record Period were mainly attributable to the expansion of production facilities, including newly added factory space that was not yet fully operational in 2024, which affected the comparability of resource consumption density across periods.

Emission: The air emission is mainly caused by vehicles and the electricity purchased. The total emissions generated by us from 2023 to 2025 are shown in Table C. Despite an increase in total GHG emissions driven by business growth and higher production activities, the reduction in both total air emission and air emission intensity in 2025 highlights the Company's enhanced operational efficiency and the effectiveness of its sustainability initiatives.

Table C: Total air emissions and density from 2023 to 2025

			Year ended December 31		
Emission Category	**KPIs**	**Unit**	**2023**	**2024**	**2025**
Air Emission	Nitrogen oxides (NO_X)	Kg	276.5	303.1	288.6
	Sulphur oxides (SO_X)	Kg	0.3	0.4	0.5
	Particulate Matters (PM)	Kg	26.6	29.3	27.7
	Total air emission	**Kg**	303.5	332.7	316.8
	Air emission density	**Kg/10 thousand square meters**	25.2	11.4	10.7
GHG Emission	Direct GHG emission (Scope 1)	tCO2e	54.6	76.1	96.9
	Indirect GHG emission (Scope 2)	tCO2e	3,485.8	5,453.5	9,488.6
	Other indirect GHG emission (Scope 3)	tCO2e	28.0	38.3	52.2
	Total GHG emission	**tCO2e**	3,568.4	5,568.0	9,585.2
	GHG emission density	**tCO2e/10 thousand square meters**	296.4	190.8	322.7

Waste disposal: We advocate waste reduction, with our waste primarily consisting of non-hazardous office-generated materials. From 2023 to 2025, our non-hazardous waste primarily consisted of packaging materials and office paper, as shown in Table D. Wasted packaging materials accounted for 2.5, 4.0 and 3.8 tonnes, while office paper totaled 0.8, 1.2 and 1.2 tonnes, respectively. In addition, hazardous solid waste, representing only a minimal fraction of our total waste, primarily comprises waste mineral oil generated during routine equipment maintenance, totaling approximately 0.3, 0.5 and 0.5 tonnes in 2023, 2024, and 2025, respectively. Although these are classified as hazardous waste, they represent only a minimal fraction of our total waste output. All such materials are strictly managed and disposed of in compliance with relevant environmental regulations to ensure safety and sustainability.

Table D: Wastes produced by our Group from 2023 to 2025

			Year ended December 31		
Waste Category	**KPIs**	**Unit**	**2023**	**2024**	**2025**
Solid wastes . .	Non-hazardous solid waste	Tonnes	3.3	5.2	5.5
	Hazardous solid waste	Tonnes	0.3	0.5	0.5
	Total solid waste	**Tonnes**	3.6	5.7	5.0
	Solid waste density	**Tonnes/10 thousand square meters**	0.3	0.2	0.2

Industry-specific ESG Policy

We have formulated ESG policies that are tailored to the characteristics of the 3D printing industry: (i) **Materials and consumables recycling**: Failed prints, process scraps and other production residues (PLA/PETG/ABS) generated during our manufacturing process are systematically collected and segregated by material types, and are subsequently reprocessed through in-house or qualified third-party recycling processes into large-diameter filaments for resale or internal use, thereby forming a closed-loop recycling mechanism within the production stage of additive manufacturing. (ii) **Modular product design**: Our 3D printers adopt modular structures that allow replacement of consumable parts and upgrading of legacy models through add-on kits, thereby extending product lifecycle and reducing e-waste; and (iii) **Green logistics and carbon reduction**: We actively promote multi-modal transport, with over 99% of overseas orders delivered via sea and rail. Domestically, 90% of trunk-line transport vehicles operated by our logistics partners are new energy or LNG-powered. We further optimize our supply chain by establishing regional warehouses and applying transport management systems (TMS) for intelligent route planning, thereby reducing energy consumption and carbon emissions.

Through these policies, we address environmental risks specific to additive manufacturing and ensure our operations contribute to material efficiency, product longevity and carbon reduction.

Social Responsibility

Employee Rights and Welfare: We comply with the applicable labor laws and regulations in all material aspects in the PRC, including the PRC Labor Law and the PRC Labor Contract Law. We have established internal policies that govern recruitment, termination, compensation, working hours, leave entitlements, promotion, and performance evaluation to protect the lawful rights and interests of our employees.

Workplace Safety: We are committed to maintaining a safe, orderly, and healthy working environment for all employees. Although our production processes do not involve high-risk industrial operations, we have established and implemented occupational health and safety protocols in accordance with relevant laws and regulations in the PRC in all material aspects, including fire prevention, electrical safety and emergency preparedness.

As of the Latest Practicable Date, we have certain production facilities, including the 3D printing consumables production line project of Wuhan production base, 3D printing equipment R&D and manufacturing project of Huizhou production base and the new construction project of Shenzhen production base, that have not fulfilled the legal requirements of "Three Simultaneities" set by the relevant administrative authorities, which exposes us to the risk of being ordered to rectify the situation and potentially facing fines at the maximum amount of RMB90,000 from the safety production supervision authorities. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we have not received any administrative penalties or been ordered to rectify the situation due to these incomplete legal requirements, and such incompleteness has not had a material adverse impact on our business operations or financial position.

Educational and Community Contributions: We recognise education as a fundamental pillar of long-term social development and have made it a central focus of its social responsibility efforts. Over the years, we have donated large volumes of 3D printers, printing materials, and instructional resources to support under-resourced schools and educational institutions across regions such as Tibet, Xinjiang, Gansu and Hubei. In partnership with local authorities and NGOs, we launched the "3D Printing Science Class" program to promote equitable access to science and technology education, especially in rural and underserved communities.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Shenzhen Gazelle Enterprise (深圳市瞪羚企業)	2025	Shenzhen Gazelle and Unicorn Enterprises Evaluation Committee (深圳市瞪羚獨角獸企業評價委員會)
Shenzhen Unicorn Enterprise (深圳市獨角獸企業)	2025	Shenzhen Gazelle and Unicorn Enterprises Evaluation Committee (深圳市瞪羚獨角獸企業評價委員會)
Guangdong Manufacturing Single Champion Enterprise (廣東省省級製造業單項冠軍企業)	2024	Guangdong Provincial Department of Industry and Information Technology (廣東省工業和信息化廳)
Key "Little Giant" Enterprise Award under the National Special Fund for the Development of Small and Medium-sized Enterprises (中央中小企業發展專項資金重點"小巨人"企業獎)	2024	Shenzhen Small and Medium Enterprises Service Bureau (深圳市中小企業服務局)
National Specialized, Refined, Differential and Innovative "Little Giants" Enterprises (國家專精特新"小巨人"企業)	2023	The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
Award of Science and Technology Progress of Guangdong Province (廣東省科技進步獎)	2023	People's Government of Guangdong Province, China (廣東省人民政府)
Leading Enterprise of Laser and Additive Manufacturing Industry Chain of Guangdong Province (廣東省激光與增材製造產業鏈"鏈主"企業)	2023	Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)

TRANSFER PRICING ANALYSIS

During the Track Record Period, our Group's subsidiaries in the PRC, Hong Kong, Germany and the United States have engaged in the following three types of intercompany transactions. These intercompany transactions are collectively referred to as "Covered Transactions" in this sub-section with regard to transfer pricing analysis. During the Track Record Period, our PRC subsidiaries primarily handled R&D, raw materials procurement, manufacturing and sales, while our overseas subsidiaries in Hong Kong, Germany and the United States focused mainly on overseas sales activities.

Specifically, the Covered Transactions can be categorized as below:

Product Buy-Sell Transactions

1. Shenzhen Creality 3D Technology Co., Ltd. procured finished products from our PRC subsidiaries, i.e. Creality Hubei, Creality Huizhou, and Piocreat 3D;
2. Shenzhen Creality 3D Technology Co., Ltd. primarily sold finished products, semi-finished products, and raw materials to our PRC subsidiaries, i.e. Creality Beijing, Creality Eco, and Creality E-Commerce;
3. Shenzhen Creality 3D Technology Co., Ltd. primarily sold finished products to Creality HK and Creality HK Investment for onward sales to our overseas subsidiaries in Germany and the United States.

Service Transactions

1. Creality Shanghai and Creality Beijing provided sales support services for Shenzhen Creality 3D Technology Co., Ltd.;
2. Creality HK, Creality U.S., and Creality Germany provided sales support services to Shenzhen Creality 3D Technology Co., Ltd. Meanwhile, per business needs, Creality HK, Creality U.S., and Creality Germany also received sales support services from Shenzhen Creality 3D Technology Co., Ltd.
3. Creality HK provided after-sales services and technical services for Creality U.S. and Creality Germany;
4. Creality U.S. and Creality Germany provided sales support services for Creality HK.

The flow of Covered Transactions, services and funds among entities within the Group during the Track Record Period are set forth below.

Exhibit 1: buy-sell transactions within the PRC: finished products, semi-finished products, and raw materials

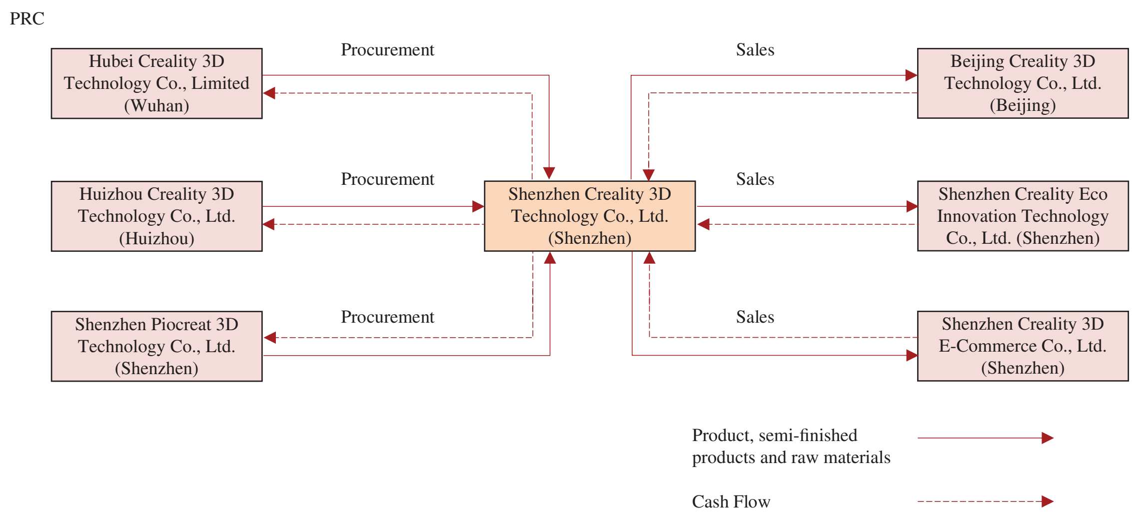


Exhibit 2: cross-border buy-sell transactions: finished products

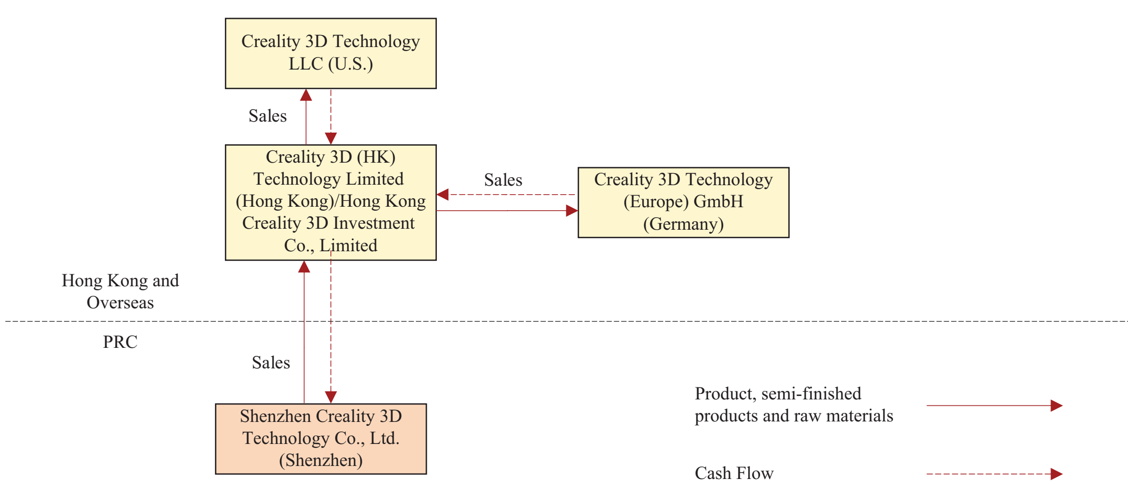
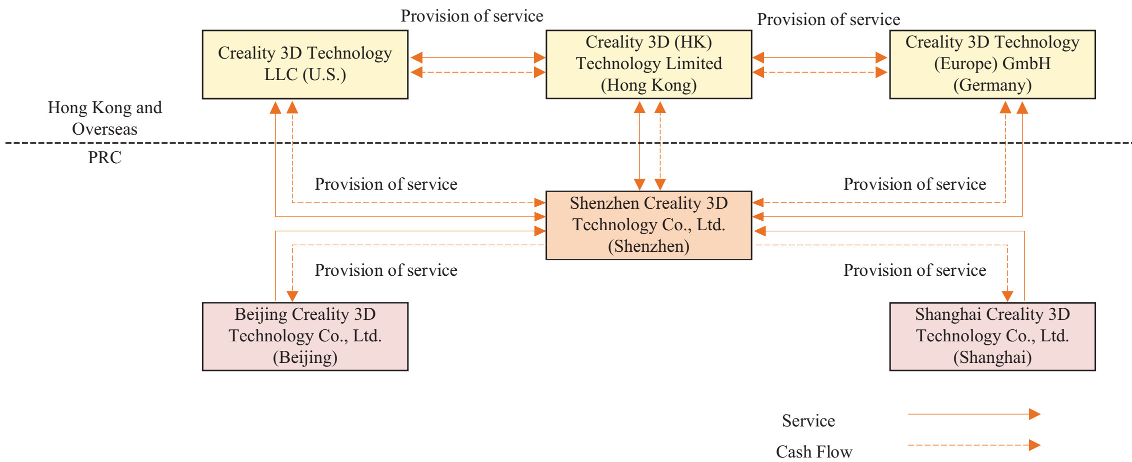


Exhibit 3: service transactions



The OECD promulgated the OECD Transfer Pricing Guidelines, which is generally followed by the relevant tax jurisdictions involved in the intra-Group transactions including the PRC, Hong Kong, Germany and the United States. According to the OECD Transfer Pricing Guidelines, the intra-Group transactions should be at arm's length basis to avoid distorted taxable income in different jurisdictions.

We have engaged an independent transfer pricing tax advisor, namely Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited ("**Transfer Pricing Tax Advisor**"), to conduct transfer pricing review and benchmarking studies on the Covered Transactions during the Track Record Period.

Transfer Pricing Methodologies and the Basis of the Conclusion

From a transfer pricing perspective, our Company serves as the key operating entity of the Group and it also owns core or valuable non-routine intangibles such as trademarks, patented technologies, and customer lists. Therefore, the residual profit for the Group's business (or loss, if any) should be retained (or absorbed) by our Company after the related parties are compensated with arm's length returns for their roles and responsibilities with respect to the Covered Transactions. Due to the relatively complex functional risks undertaken by our Company in the Group's value chain compared to other entities within the Group, the reasonableness of the profit level retained by our Company from the perspective of transfer pricing was not assessed directly. Instead, the reasonableness of the profit levels retained by the Group's manufacturer (including Creality Hubei, Creality Huizhou), distributor (including Creality Eco, Creality E-commerce, Creality HK, Creality HK Investment, Creality U.S., and Creality Germany), and the sales support service provider (including Creality Beijing and Creality Shanghai) was assessed to analyse whether there was transfer pricing risk within the Group during the Track Record Period.

Our Transfer Pricing Tax Adviser selected transactional net margin methodology ("**TNMM**") as the most appropriate method to evaluate the Covered Transactions. This method analyses the net profit indicators and are less affected by transactional differences or accounting practice discrepancies.

Based on the functional analysis, each entity within the Group that acts as a manufacturer, distributor, or sales support service provider is selected as the tested party with respect to the Covered Transactions under review.

Under TNMM, the benchmarking analyses for third-party manufacturer, distributor and sales support service provider in the Asia Pacific Region, U.S., and Europe are conducted to ascertain the arm's length returns for the tested parties. After applying appropriate search and screening criteria, independent companies that are comparable in terms of functions performed and risks assumed by the tested parties are identified. Their available financial results relevant to the Track Record Period are summarized to calculate the inter-quartile range as the arm's length returns.

After reviewing the Profit level indicators ("**PLIs**"), the Full Cost Mark Up[1] ("**FCMU**") ratio was chosen as the most reliable indicator to evaluate the arm's length nature of the results achieved by manufacturers or sales support service providers with respect to the related party transactions under evaluation. The Return on Sales[2] ("**ROS**") ratio was chosen as the most reliable indicator to evaluate the arm's length nature of the results achieved by distributors with respect to the related party transactions under evaluation. Details of the benchmarking analysis for each tested party are set out as below[3]:

Tested Party	Economic Role	Transfer Pricing Method	PLI	Weighted Average Arm's Length Range	Weighted Average Financial Results
Creality Hubei	Asia Pacific routine manufacturer with certain R&D function	TNMM	FCMU	3.19%-12.07%, with the median of 4.73%	7.58%
Creality Huizhou					4.49%
Creality Eco	Asia Pacific limited risk distributor	TNMM	ROS	0.62%-2.91%, with the median of 0.98%	1.66%
Creality E-Commerce					1.60%
Creality HK					0.66%
Creality HK Investment					1.80%

1 The full cost mark-up ratio is calculated by dividing operating profit (which is sales revenue minus cost of sales and operating expenses) by total costs (the sum of cost of sales and operating expenses, where operating expenses include distribution, selling, administration, and R&D expenses).

2 Return on sales equals operating profit divided by sales revenue.

3 During the Track Record Period, Piocreat 3D served as the operating entity for the business line of 3D printing consumables, with its pricing policy aligned to market rates with its related party. As a result, Piocreat 3D functioned as an independent entity, and its profit levels effectively reflected the influence of market forces during this period. Consequently, no further transfer pricing analysis is required.

Tested Party	Economic Role	Transfer Pricing Method	PLI	Weighted Average Arm's Length Range	Weighted Average Financial Results
Creality U.S.	U.S. limited risk distributor	TNMM	ROS	1.38%-4.87%, with the median of 3.18%	2.08%
Creality Germany	Europe limited risk distributor	TNMM	ROS	1.29%-3.70%, with the median of 2.45%	1.34%
Creality Beijing	Asia Pacific sales support service provider	TNMM	Break-even to 5% FCMU[4]	5%	43.15%[5]
Creality Shanghai					6.65%

The weighted average profit level was evaluated during the Track Record Period for entities involved in the transfer pricing arrangement within the Group. The median value of the interquartile range of the weighted average profit margin achieved by comparable companies for entities from the PRC, or the concept of the arm's length range for entities from Hong Kong and overseas, was established as the target profit level to assess the reasonableness of the transfer pricing arrangements for the corresponding entities during this period. Based on the results of the benchmarking analysis, the financial results of the entities within the Group involved in Covered Transactions fall within the arm's length range for entities from Hong Kong and overseas, or exceed (or in line with) the median value of the interquartile range for entities from the PRC.

After conducting a financial analysis of the entities within our Group involved in the Covered Transactions, it is believed that such transfer pricing arrangements among the Group's entities will not result in an unreasonable reduction in their taxable income, and the risk of incurring any material transfer pricing income tax adjustment is remote.

4 The Simplified Method is applied without conducting a benchmarking analysis. According to Section 7 of the OECD Guidelines, the arm's length charge for low value-adding intragroup services should use the same mark-up for all such services, regardless of their categories. This mark-up is set at 5% of the relevant costs, and justification through a benchmarking study is not required for the simplified approach.

5 During the Track Record Period, Creality Beijing primarily provided routine marketing-related supportive services to the Company. These services were charged on a full-cost recovery basis with an applicable markup. Creality Beijing's weighted average financial result during the period was 43.15%, which exceeds the results of the benchmarking study. Nevertheless, as advised by the Transfer Pricing Tax Advisor, we consider the Covered Transactions with Creality Beijing to be in compliance with applicable transfer pricing requirements, which is supported by Article 38 of Public Notice 2017 No. 6 issued by the State Taxation Administration, which states: "In principle, no special tax adjustment will be made on transactions between domestic related parties with the same effective tax burden, as long as such transactions do not directly or indirectly result in a reduction of the country's total tax revenue." During the Track Record Period, Creality Beijing was subject to a corporate income tax rate of 25%, higher than the Company's rate of 15%. Furthermore, given that Creality Beijing retained higher financial results than benchmarking study and did not lead any reduction in its taxable income in China, there was no adverse impact on national tax revenues.

Based on the transfer pricing review conducted by the Transfer Pricing Tax Advisor, and the transfer pricing adjustment conducted by us as advised by the Transfer Pricing Tax Advisor, the Transfer Pricing Tax Advisor confirmed that our Group complied with the applicable transfer pricing regulations in the relevant jurisdictions during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our transfer pricing arrangements had not been subject to any challenge or investigation by any relevant tax authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

However, we were involved in a litigation brought against us in 2022 in the New York State Court in the United States by a 3D scanner manufacturer headquartered in Europe (the "**Plaintiff**"), an Independent Third Party. This case concerns allegations of intellectual property infringement filed against one of our suppliers and us, with separate claims that the relevant products infringe upon the Plaintiff's copyright and patents. The patents at issue include U.S. Patent Nos. 7,768,656 ("**the '656 Patent**"), 8,488,129 ("**the '129 Patent**"), and 10,962,357 ("**the '357 Patent**"). The affected products are two 3D scanner series, i.e., CR-Scan 01 and CR-Scan Lizard, designed, manufactured, and sold to us by our supplier, who agreed to step into the case and defend against the claims of copyright and patent infringement. The revenue contribution of the two 3D scanners amounted to RMB12.5 million, RMB1.3 million and RMB51,693 in 2023, 2024 and 2025, respectively, representing 0.7%, 0.1% and nil of the total revenue in the respective years. The Plaintiff's claims primarily include: (i) a demand for damages related to patent infringement concerning the affected product series, with the amount to be determined by a jury; (ii) compensation for copyright infringement damages, including actual damages and/or profit restitution, with specific amounts also to be determined by a jury; (iii) a permanent injunction prohibiting us from unauthorized reproduction or distribution of the product series that infringe upon the relevant patents or copyrights; and (iv) any other appropriate relief measures. The Plaintiff's patent infringement claims are separate from the copyright claims in this case. On May 21, 2024, the court dismissed the Plaintiff's copyright claims against us and the supplier with prejudice. There are no copyright claims remaining in the action as such claims have been fully resolved in our favor. For the remaining patent infringement claims, we have filed a motion for summary judgment by arguing non-infringement of every claim of the relevant patents. In addition, we argued that the claims of the '656 Patent and the '129 Patent are directed to abstract concepts that are patent-ineligible under 35 U.S.C. § 101. If our motion is granted, this case will be effectively closed. As of the Latest Practicable Date, this case is still pending judgement. To date, the legal fees and expenses for the above-described action have been incurred by the supplier.

After consultation with our defense lawyer for this case and taking into account its view, our Directors are of the view that such dispute has no material adverse impact on the Group's business operations or financial position, on the basis that (i) the products involved are not our primary offerings, with relatively small sales amount and revenue contribution representing 0.7%, 0.1% and nil of our total revenue in 2023, 2024 and 2025, respectively, (ii) the intellectual property in question concerns the technical design of 3D scanners as optical instruments, which cannot be applied to the development of 3D printers and is not used in any of our other products, thereby is not part of our core intellectual property, (iii) we have ceased the sales of the affected products and terminated our cooperation with the relevant supplier, and (iv) the aforementioned supplier has undertaken that if we incur any claims from third parties due to the performance of the procurement contract, and it is ultimately determined to be the supplier's fault, the supplier shall bear the related losses and indemnify us for any and all costs and losses arising out of or in connection with such claims. During the Track Record Period, there were no other material ongoing claims or disputes related to intellectual property infringement.

To avoid future intellectual property right infringements, we have strengthened our internal control measures by (i) providing regular intellectual property compliance training to our employees, (ii) conducting patent searches prior to the development of new products or technologies, (iii) requiring suppliers to prove their legitimate intellectual property rights relating to key materials or technologies, (iv) establishing contingency procedures to address potential infringement, and (v) conducting annual reviews to identify potential risks and review past incidents.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

Third Party Payment Arrangements

Background and Reasons

During the Track Record Period, we accepted payments made on behalf of certain customers (the "**Relevant Customer(s)**"), through the accounts of third-party payors who were not affiliated companies of the Relevant Customers but were designated by the Relevant Customers (the "**Third-Party Payment Arrangement(s)**"). During the Track Record Period, Third-party Payment Arrangements primarily comprise payment from third party payors designated or authorized to make the payment on behalf of the Relevant Customers for their convenience and flexibility. According to CIC, it is a common commercial practice in China for customers to settle payments through third-party payors for various personal reasons.

In 2023, 2024 and 2025, the number of the Relevant Customers was 129, 151 and 84, respectively. In 2023, 2024 2025, the aggregate amount they settled under the Third-Party Payment Arrangements was RMB45.8 million, RMB85.3 million and RMB68.0 million, respectively, which accounted for 2.4%, 3.7% and 2.2% of our total revenue in the same periods, respectively. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. To the best of our knowledge, none of the third-party payors designated by the Relevant Customer is our connected person, and all designated third-party payors are independent from each of our Directors, senior management and Controlling Shareholder.

Implication of the Third-party Payment Arrangements

During the Track Record Period, our Directors confirm that: (i) we had not proactively initiated any Third-party Payment Arrangements or participated in any of such arrangement in other forms, (ii) we had not provided any discount, commission, rebate, or other benefit to any of the Relevant Customers to facilitate or incentivize the Third-party Payment Arrangements, (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with customers not involved in the Third-party Payment Arrangements under similar scenarios and (iv) the Third-party Payment Arrangements have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we have undertaken the following measures to monitor and manage the Third-Party Payment Arrangements:

- *Genuine underlying transactions*. To ensure the Third-party Payment Arrangements are supported by genuine transactions, for payments received from the designated third-party payors, we required the Relevant Customers to provide us with the relevant information including, among other things, the payor's account, payment information and the relevant payment agreement between the Relevant Customers and the payors to us after completion of the order and payment. Our financial staff were allowed to recognize payments from designated third-party payors of the Relevant Customers and our business staff were allowed to ship our products to the Relevant Customers on the condition that the information submitted by Relevant Customers is consistent with the order.
- *Prevention of fraud or money laundering*. We also had know-your-customer procedures in place to have a comprehensive understanding of our customers. In addition, we conduct regular business meetings with corporate customers to understand the nature of their operations and business models. We also maintain active communication with our customers through both online and offline channels. Based on the above, we have no basis to believe that the Relevant Customers are involved in fraudulent or money laundering activities, nor any reason to suspect that the Third-Party Payment Arrangements involve proceeds or gains from such activities.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge: (i) all settlements were based on *bona fide* underlying transactions and valid contractual relationships; (ii) the settlement amounts were consistent with the amounts incurred under the relevant transactions; (iii) we are not aware of any instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements; (iv) Relevant Customers have not claimed any interests as to any transaction payment to or from us through the Third-party Payment Arrangements; and (v) we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements.

As advised by our PRC Legal Advisor, in light of the above, (i) the Third-party Payment Arrangements are not in breach of mandatory requirements of current applicable laws and regulations in China in material aspects, (ii) the risk of the Arrangements being deemed as constituting the crime of money laundering under the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of proceeds or gains is relatively low.

Rectification of Third-Party Payment Arrangements and the Implication

To safeguard our interest against risks associated with Third-Party Payment Arrangements, since August 2025, we have significantly enhanced and implemented various internal control measures (collectively, the "**Rectification Measures**") in order to rectify Third-Party Payment Arrangements. Our efforts to rectify the Third-Party Payment Arrangements include, among other things:

(i) we require our customers to make payments using their own legitimate bank accounts. Payments from third-party accounts that do not match the contracting party are strictly prohibited. In case of any such discrepancy, the received payment will be returned, and the contractual counterparty will be required to make the payment again through their own account.

(ii) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we consistently maintained our know-your-customer procedures to gain a comprehensive understanding of our customers and performed verification of payment details against our records to confirm payments are made in accordance with the agreements and/or the undertaking letters. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction.

As of the Latest Practicable Date, we have fully implemented the Rectification Measures and have terminated all Third-Party Payment Arrangements. Out of the 129, 151, and 84 Relevant Customers who utilized Third-Party Payment Arrangements in 2023, 2024 and 2025, respectively, 32, 42, and 56 customers, respectively, continued to place orders with us after the termination of these arrangements. The customers who did not place orders primarily cited a lack of purchasing intent at this time. Moreover, those utilizing third-party payments were predominantly smaller clients with lower ordering frequencies. Based on the aforementioned reasons, our Directors are of the view that the termination of the Third-Party Payment Arrangements did not have any material adverse impact on our operations or financial results and that the relevant internal control measures are effective and adequate.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place a risk management and internal control system. We adopted and continually improved our internal control mechanisms, consisting of policies and procedures tailored to our business operations, to safeguard our business operations and assets at all times. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management. To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation. These policies are supported by established procedures, with our finance department regularly reviewing management accounts in accordance with these procedures. We also established an Audit Committee to review and supervise our financial reporting process and internal control system.

Compliance Risk Management. We have established sound compliance risk management procedures to effectively identify and manage compliance risk, including comprehensive contract review by our legal team, and ensure that our operations are in compliance with applicable laws and regulations. In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment.

Human Resources Risk Management. We have established comprehensive internal control and risk management policies for human resources, covering recruitment, training, work ethics and legal compliance. We conduct regular performance reviews and align their compensation with performance outcomes. In addition, we monitor the implementation of these policies, aiming to promptly identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

Anti-corruption Risk Management. We uphold business ethics and integrity through comprehensive policies, including the anti-bribery code of conduct. We maintain a whistleblower mechanism for anonymous reporting, with oversight by the internal audit department. All reports will be investigated in strict confidence with findings documented and submitted to relevant management. In addition, we require our business partners to sign certain integrity agreement as part of the onboarding process. As of the Latest Practicable Date, we have not been involved in legal proceedings related to corruption, bribery or fraud.

BUSINESS ACTIVITIES IN RELATION TO REGIONS AND ENTITIES SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we sold our 3D printers to our customers globally. Our 3D printers are Chinese-origin and are not subject to the Export Administration Regulations ("**EAR**"). Based on our review of the location of our global customers, we have identified only three customers listed on the BIS restricted party lists (i.e., the Relevant Entities as defined below), which are China-based. We also have sales in certain regions subject to International Sanctions, namely, Belarus, Hong Kong, Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia), Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia), and Turkey (the "**Relevant Regions**"). The Relevant Regions are not Comprehensively Sanctioned Countries and are therefore not subject to territorial broad-based sanctions. Only certain designated entities located in these Relevant Regions are subject to targeted sanctions. None of our customers located in these Relevant Regions are designated on the SDN List or BIS Entity List or other sanctions lists at the time of the relevant transactions. Since our sales in the Relevant Regions do not involve sanctioned entities listed on the SDN List, Entity List, the Unverified List, the Military End-User List, therefore our transactions with these customers in the Relevant Regions at the time of the relevant transactions, even though the transactions were denominated in USD, do not constitute a violation of applicable sanctions and export control regulations. The revenue generated from such sales to the Relevant Regions was approximately RMB66.7 million, RMB103.2 million and RMB149.5 million, representing approximately 3.5%, 4.5% and 4.8% of our total revenue in 2023, 2024, and 2025, respectively. As advised by our International Sanctions Legal Advisor who have performed procedures they deem necessary, these sales to the Relevant Regions did not represent a violation of International Sanctions given that none of the Relevant Regions were Comprehensively Sanctioned Country and none of our customers located in the Relevant Regions were identified on the SDN List maintained by OFAC at the time of the relevant transactions. We will cease all transactions in the Relevant Regions (except Hong Kong) upon [**REDACTED**].

For the three China-based entities that have been designated on the BIS restricted party lists at the time of the transactions, we have identified sales of our 3D printers to these customers throughout the Track Record Period (the "**Relevant Entities**"). The revenue generated from such sales was approximately nil, RMB9,558, and RMB242,299, representing approximately less than 0.05% of our total revenue in 2023, 2024 and 2025 respectively. Provision of items subject to the EAR without a licence from BIS to these said Relevant Entities is prohibited. As advised by our International Sanctions Legal Advisor who have performed procedures they deem necessary, given that the sales involving these said Relevant Entities did not incorporate or contain 10% or more of technology or items subject to the EAR, these sales did not represent a violation of the U.S. export controls applicable to these entities. As of March 31, 2026, we have ceased all transactions with the Relevant Entities.

We have engaged Hogan Lovells, our International Sanctions Legal Advisor to perform procedures to assess our compliance with International Sanctions laws and regulations and evaluate our risk of exposure and potential penalties imposed under the International Sanctions laws and regulations.

Primary sanctions

Based on our review on the location of our customers, we have identified customers located in the Relevant Regions. As advised by our International Sanctions Legal Advisor, although the Relevant Regions were subject to various sanctions during the Track Record Period, none of them were a Comprehensively Sanctioned Country. The Comprehensively Sanctioned Countries are subject to a general and comprehensive territorial-based export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdictions (for instance, transactions in USD and EUR with entities located in a Comprehensively Sanctioned Country is generally prohibited); on the other hand, the Relevant Regions are subject to a more limited set of sanctions, targeting certain designated entities, products, or sectors inside the Relevant Regions. We have also identified sales to the Relevant Entities. As advised by our International Sanctions Legal Advisor, our sales involving the Relevant Regions and the Relevant Entities during the Track Record Period did not represent a violation of applicable sanctions and did not represent Primary Sanctioned Activities for the guidance in Chapter 4.4 of the Guide for New Listing Applications issued by the Stock Exchange, given that:

(i) none of our customers located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties maintained by the European Union, Australia and the United Nations at the time of the relevant transactions; and

(ii) for the export control restrictions applicable to the Relevant Entities, products subject to the EAR are generally prohibited from being exported to any entities designated on the Entity List or the Military End-User List unless licensed. All products sold to the Relevant Entities were non-U.S. origin 3D printers and were not subject to the EAR under either the *de minimis* rule or foreign direct product rule. Therefore, our sales to such customers did not require a license nor otherwise violate the export control restrictions applicable to these customers.

Secondary sanctions

The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, certain sectors in the Relevant Regions or provide material support for such activities and sectors, business activities engaging in these defined activities, sector or provide material support for such activities and sectors can be viewed as engaging in Secondary Sanctionable Activities. Among the Relevant Regions, the "manufacturing" sector of Russian economy (together with other four sectors of the Russian economy, architecture, engineering, construction and transportation) were designated under EO 14024 on May 19, 2023, providing authority to OFAC to impose sanctions on any person found to "operate in" such designated sectors.

Save for the sales to Russia, the Group's transactions in the Relevant Regions did not involve other business activities targeted by extra-territorial provisions (i.e. secondary sanctions) of sanctions law or regulation in the Relevant Jurisdictions. U.S. sanctions do not automatically apply to every company in such designated sectors in Russia, instead, OFAC has to exercise its discretionary authority to designate a particular person or entity for "operating in" such designated sectors for U.S. sanctions to apply. When considering whether an entity is engaged in significant transactions that expose such entity to risks of secondary designation, OFAC would consider a basket of factors, including the size of the transactions. The revenue generated from our sales to Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia) was approximately RMB26.1 million, RMB37.8 million, and RMB38.6 million, representing approximately 1.4%, 1.7% and 1.2% of our total revenue in 2023, 2024 and 2025 respectively. The products we sold to the Relevant Regions (including Russia) were Chinese-origin 3D printers. We will cease all transactions in the Relevant Regions (including Russia, except Hong Kong) upon [**REDACTED**]. We will continue to enhance our evaluation of sanction risks, and strictly prohibit sales to any entities subject to International Sanctions or Sanctions Targets.

Given the nature of our activities, as advised by our International Sanctions Legal Advisor, the risk is fairly low that OFAC would view our Group itself as "operating in" Russia's manufacturing sector or have materially assisted, sponsored, or provide financial, material or technological support for, or goods or services to or in support of other targeted sectors of Russia's economy under EO 14024 for its business activities with Russia by merely selling the Group's products to Russia or that OFAC would designate us as an SDN for merely selling the Group's products to Russia (rather than manufacturing its products in Russia, locally). Also, considering that our transactions with the Relevant Regions did not involve other business activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions, and the fact that we do not transact with any sanctioned entities located in Russia or otherwise designated under EO 14024, the risk is fairly low that our activities would result in OFAC using its secondary sanctions authority under EO 14024 and other secondary sanctions authorities to sanction the Relevant Persons. As of the Latest Practicable Date, we are not designated by the secondary sanctions authority under EO 14024 or found by OFAC to "operate in" certain designated sectors in Russia.

Internal Controls

In addition, we will adopt enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks upon [**REDACTED**] as follows:

- to further enhance our existing internal risk management functions, our Legal Department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our Legal Department will hold a meeting at least every six months to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;
- we will evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Countries subject to International Sanctions or Sanctions Targets. According to our internal control procedures, our Legal Department needs to review and approve all relevant business transaction documentation from customers or potential customers from Countries subject to International Sanctions or Sanctions Targets. In particular, screening process will be implemented to identify if the potential transaction counterparty of the Group is a

person or entity on the various lists of restricted parties and countries maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review will not be proceed. At the same time, our Legal Department should periodically review the existing customers and suppliers lists to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- our Directors will continuously monitor the use of [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions;
- our Legal Department will periodically review our internal control policies and procedures with respect to sanctions matters. As and when our Legal Department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and
- if necessary, we will engage external legal counsel to provide compliance training relating to the international sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group's business to ensure none of them are Sanctioned Persons. Our external legal counsel will provide the latest list of Comprehensively Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally.

Our Directors are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of our Shareholders and us.

Undertakings

We have undertaken to the Stock Exchange that we will not use the [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories and Australia that would cause us to violate International Sanctions. Further, we have undertaken not to use the [**REDACTED**] from the [**REDACTED**] to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, [**REDACTED**], [**REDACTED**] or our Shareholders and [**REDACTED**] to violate or become a target of international sanctions laws by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Countries subject to International Sanctions or with Sanctioned Targets would put our Group or our Shareholders and [**REDACTED**] to risks of being sanctioned, and in our annual reports or interim reports (i) details of any new activities in Countries subject to International Sanctions or with Sanctioned Targets; (ii) our efforts on monitoring our business exposure to sanctions risks; and (iii) the status of, and the anticipated plans for any new activities in Countries subject to International Sanctions and with Sanctioned Targets. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible [**REDACTED**] of our Shares on the Stock Exchange.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continuingly overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The following table sets forth our material certificates and qualifications:

Certification/Qualification/Filing	Holder	Granting Authority	Grant/Filing Date	Expiry Date
Medical Device Manufacturing Filing Certificate	Piocreat 3D Shenzhen	Shenzhen Municipal Administration for Market Regulation	June 13, 2025	N/A
Medical Device Manufacturing Filing Certificate	Piocreat 3D Shenzhen	Shenzhen Municipal Administration for Market Regulation	March 31, 2021	N/A
Medical Device Filing Certificate	Piocreat 3D Shenzhen	Shenzhen Municipal Administration for Market Regulation	June 4, 2025	N/A
Medical Device Filing Certificate	Piocreat 3D Shenzhen	Shenzhen Municipal Administration for Market Regulation	March 18, 2025	N/A

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountant's Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a global consumer 3D printing product and service provider. Our products and services primarily include: 3D printers, 3D printing consumables, 3D scanners, laser engravers, accessories and others, and various services available on our *Creality Cloud*, a platform focused on 3D printing content. Additionally, we launched *Nexbie* in August 2025, an overseas e-commerce platform dedicated to 3D creative items.

The full range of products and services above differentiate us from our competitors. In the 3D creative industry, where stakeholders focus on making 3D creative physical and virtual objects, the users also demand products and services for 3D scanning and laser engraving, in addition to 3D printing.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), which comprise all standards and interpretations approved by the International Accounting Standards Board. All applicable new and amended IFRS Accounting Standards are effective during the Track Record Period to our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for certain financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the management to make judgements, estimates and assumptions in the process of applying our

Group's accounting policies. Judgements made by the management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are disclosed in Note 4 to the Accountant's Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Customer Demand for 3D Printing Products and Services

Our business growth and financial performance depend on customer demand for our products and services. Our revenue amounted to RMB1,882.9 million, RMB2,288.3 million and RMB3,127.0 million in 2023, 2024 and 2025, respectively.

According to CIC, the global consumer 3D printing industry has experienced rapid growth, driven by advancements in AI and enhanced 3D printer performance, with the market size reaching US$6.0 billion in 2025. Furthermore, according to CIC, the market size of the global consumer 3D printing industry is projected to reach US$27.2 billion by 2030. Additionally, the growing preference for online shopping, combined with the development of e-commerce platforms and supporting logistics infrastructure, has accelerated the global sales of online 3D printing products. In response, we have focused on building our online sales network with 50, 73 and 81 online stores, respectively, as of December 31, 2023, 2024 and 2025. We are actively expanding into new geographic markets by establishing tailored online DTC stores and collaborating with e-commerce platforms, including Amazon, to launch additional sites in different countries. Capitalizing on our expanding global sales network, diverse product portfolio, established customer base and strong product development capabilities, we believe we will continue to benefit from rising customer demand for trendy, high value-for-price and advanced 3D printing products worldwide.

Our Product Offerings and Pricing

We sell a comprehensive range of products and services, which includes (i) 3D printers, (ii) 3D printing consumables, (iii) 3D scanners, (iv) laser engravers, (v) accessories and others and (vi) 3D printed products and services. Our ability to accurately and timely identify and anticipate market trends and customer preferences and adjust our product offerings accordingly is important and we must continue to innovate and develop tailored, high-quality, well-designed products and keep up with the advances in scientific and technological innovations within 3D printing industry.

In addition, pricing plays a crucial role in our competitive strategy, reflecting the value of our products as well as the high-quality services we provide. We have adopted a market-oriented pricing strategy to align our offerings with customer expectations and consider several factors, including user profiles and pain points, technical performance of our products, quality of product materials, market competition, supply chain considerations, and our target profitability. However, numerous external factors, such as macroeconomic conditions and technological innovation, can influence our products and pricing strategy and result in a material impact on our business, results of operation and financial condition.

Our Ability to Manage Our Raw Material Expenses Effectively

Our results of operations are significantly affected by the cost of sales, consisting of (i) raw materials cost, (ii) employee benefits expenses and (iii) others. During the Track Record Period, raw materials cost represented the largest component of our cost of sales, which represented 76.7%, 76.4% and 75.0% of our total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. We expect raw materials cost to continue to be the most significant component of our cost of sales going forward, particularly in light of our continued expansion and ramping up of our business presence both online and offline. Our ability to control such costs may significantly affect our profitability. The prices of raw materials are susceptible to price fluctuations due to various factors beyond our control, including supply and demand trends, transportation costs, government policies, macroeconomic conditions and other unpredictable factors. We have experienced and may continue to experience cost fluctuations in the supply of raw materials and product components, which could impact our financial performance.

The following table sets forth a sensitivity analysis on the impact on our profit before tax from the changes in raw materials cost for the periods indicated. Actual changes in our profit before tax resulting from an increase or decrease in raw materials cost may differ from the results of the following sensitivity analysis.

	(Decrease)/increase in profit before tax		
	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Hypothetical fluctuations in raw materials cost			
Increase of 5%	(49,210)	(60,399)	(80,688)
Decrease of 5%	49,210	60,399	80,688
Increase of 10%	(98,421)	(120,798)	(161,377)
Decrease of 10%	98,421	120,798	161,377
Increase of 20%	(196,841)	(241,596)	(322,754)
Decrease of 20%	196,841	241,596	322,754

Our Diversification and Expansion of Sales Channels

Our sales model integrates both direct sales and distribution, and our operational results are influenced by our capacity to diversify and expand our sales channels, both online and offline.

Our direct sales enable us to engage directly with users, fostering personalized experiences that strengthen relationships and provide valuable feedback. This in turn enhances our product and service capabilities, which also allows us to command stronger pricing power and achieve higher gross margins. Simultaneously, we deepen our collaboration with distributors to strengthen our localized sales network through channel and brand co-construction. During the Track Record Period, the number of our distributors increased steadily, with 579, 419 and 349 new distributors added in 2023, 2024 and 2025, respectively.

During the Track Record Period, we established more DTC stores and deepened cooperation with third-party e-commerce platforms such as Amazon by launching additional online stores. We also strengthened our brand presence, after-sales services and the localization of our engagement channel overseas to improve user engagement and experience.

Foreign Exchange Rate Fluctuation

Our overseas sales are conducted in the local currencies of the countries and regions where we operate. We prepare our consolidated financial statements in Renminbi for reporting purposes. Foreign currencies, such as U.S. dollars, Euro, Hong Kong Dollar and Great Britain Pound, are converted into Renminbi at the exchange rates effective on date of the transaction. Additionally, assets and liabilities denominated in foreign currencies are translated into RMB amounts at the exchange rates effective at the end of the reporting period.

During the Track Record Period, we had net foreign exchange gains of RMB1.4 million and RMB2.4 million and net foreign exchange losses of RMB0.9 million, respectively, in 2023, 2024 and 2025. Gains and losses resulting from currency conversion and translation are recognized in our profit or loss. As a result, fluctuations in the exchange rates between Renminbi and foreign currencies could significantly affect our results of operations. We may not be able to fully mitigate the risk of foreign exchange loss through these arrangements. See "Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in exchange rates could have a material adverse effect on our business, prospects, results of operations and financial condition" for more details.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions.

We believe that the (i) material accounting information in relation to revenue recognition, impairment of non-financial assets, inventories, cash and cash equivalents, property, plant and equipment, among others, as detailed in Notes 5(d) and 40 of the Accountant's Report in Appendix I to this document and (ii) accounting judgments and estimates including net realizable value of inventories, recognition of share-based payment expenses, and income taxes and deferred taxations, as set forth in details in Notes 4 to the Accountant's Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated income statements and statements of other comprehensive income for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Revenue	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**
Cost of sales	(1,283,333)	(68.2)	(1,580,527)	(69.1)	(2,152,150)	(68.8)
Gross profit	**599,529**	**31.8**	**707,801**	**30.9**	**974,890**	**31.2**
Selling and marketing expenses	(301,555)	(16.0)	(383,007)	(16.7)	(570,062)	(18.2)
General and administrative expenses	(82,547)	(4.4)	(105,738)	(4.6)	(170,103)	(5.4)
Research and development expenses	(96,271)	(5.1)	(148,706)	(6.5)	(221,875)	(7.1)
Net impairment reversal/(losses) on financial assets	292	0.0	(1,253)	(0.1)	(3,176)	(0.1)
Other income	52,174	2.8	24,383	1.1	31,122	1.0
Other gains/(losses), net	5,875	0.3	5,477	0.2	(238,781)	(7.6)
Operating profit/(loss)	**177,497**	**9.4**	**98,957**	**4.3**	**(197,985)**	**(6.3)**
Finance income	6,635	0.4	5,445	0.2	5,895	0.2
Finance costs	(49,273)	(2.6)	(15,172)	(0.6)	(14,147)	(0.5)
Finance costs, net	**(42,638)**	**(2.2)**	**(9,727)**	**(0.4)**	**(8,252)**	**(0.3)**
Profit/(loss) before income tax	**134,859**	**7.2**	**89,230**	**3.9**	**(206,237)**	**(6.6)**
Income tax (expenses)/credits	(6,353)	(0.4)	(570)	(0.0)	23,816	0.8
Profit/(loss) for the year	**128,506**	**6.8**	**88,660**	**3.9**	**(182,421)**	**(5.8)**
Attributable to:						
Owners of the Company	129,057	6.8	88,757	3.9	(182,561)	(5.8)
Non-controlling interests	(551)	(0.0)	(97)	(0.0)	140	(0.0)

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net profit (Non-IFRS measure), which are not required by, or presented in accordance with IFRS. The presentation of such non-IFRS measure when shown in conjunction with the corresponding IFRS measures facilitates a comparison of our operating performance by eliminating the impact of certain expenses to allow investors to consider metrics used by our management. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net profit/(loss) for the year to our adjusted net profit (Non-IFRS measure) for the year indicated:

	Year Ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Reconciliation of net profit/(loss) to adjusted net profit (Non-IFRS measure)			
Profit/(loss) for the year	128,506	88,660	(182,421)
Add: Share-based compensation expenses	1,628	8,329	15,417
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]
Issuance of shares and dividends to Pre-[**REDACTED**] Investors(1)	–	–	240,307
Adjusted net profit (Non-IFRS measure)	130,134	97,199	92,385

Note:

(1) The redemption rights, liquidation preference and anti-dilution right in relation to our Company were terminated on December 29, 2023. On July 25, 2025, our Company, our Controlling Shareholders and the Series A Investors entered into a Shareholders' agreement (the "**third Shareholders' agreement**"), pursuant to which the Series A Investors agree to replace the redemption terms to "the Series A Investors have the right to require redemption from the Controlling Shareholders if our Company failed to submit a qualified [**REDACTED**] application before December 31, 2025 or complete the qualified [**REDACTED**] before June 30, 2026". As a result, our Company agreed to (i) distribute a total of RMB81,357,000 cash dividend ("**Cash Dividend**"); and (ii) issue 29,546,551 shares ("**Capitalization Issue**"), representing approximately 7.51% of the total issued and enlarged share capital, to the Series A Investors only on a pro rata basis. The distribution of cash dividend was paid in July 2025. The consideration for the Capitalization Issue was settled through capital reserve on July 25, 2025.

The substance of this arrangement is that we compensated the Series A Investors on behalf of the Controlling Shareholders. According to the relevant requirements under IFRS 2 share-based payments, the cash dividend of RMB81,357,000 and the fair value of RMB158,950,000 for 29,546,551 issued shares was charged to the consolidated income statements.

Revenue

We generate revenues from the sales and provision of (i) 3D printers, (ii) 3D printing consumables, (iii) 3D scanners, (iv) laser engravers, (v) accessories and others and (vi) 3D printed products and services primarily representing (a) membership subscription fees, (b) proceeds and commissions from 3D model transactions and (c) sales proceeds of 3D printed products. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
3D Printers	1,403,796	74.6	1,416,124	61.9	1,784,952	57.1
3D Printing Consumables	136,203	7.2	261,534	11.4	418,408	13.4
3D Scanners	41,530	2.2	207,585	9.1	365,701	11.7
Laser Engravers	111,232	5.9	163,423	7.1	225,434	7.2
Accessories and Others[1]	188,341	10.0	236,330	10.3	326,261	10.4
– Scrap Materials	339	0.0	696	0.0	722	0.0
3D Printed Products and Services[2]	1,760	0.1	3,332	0.2	6,284	0.2
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Notes:

(1) Others mainly included our scrap materials such as production scrap, scrapped semi-finished and finished products, and scrapped packaging materials during the Track Record Period.

(2) Included (a) membership subscription fees from *Creality Cloud*, (b) proceeds and commissions from 3D model transactions through *Creality Cloud* and (c) sales proceeds of 3D printed products.

In 2023, 2024 and 2025, our revenue amounted to RMB1,882.9 million, RMB2,288.3 million and RMB3,127.0 million, respectively. During the Track Record Period, the overall increase in our revenue was generally attributable to the continued launch of high-quality products, the increasing demands from our users as well as the expansion of our sales channels.

Revenue by Business Line

3D Printers

Comparison between 2025 and 2024. Our revenue from 3D printers increased by 26.0% from RMB1,416.1 million in 2024 to RMB1,785.0 million in 2025, which was primarily attributable to (i) the larger sales volume generated through direct sales as we continued to expand sales channels and strengthened promotional efforts, which commanded a higher retail price compared to distributor prices and (ii) the continuous launch of product series entailing higher sales prices.

Comparison between 2024 and 2023. Our revenue from 3D printers increased by 0.9% from RMB1,403.8 million in 2023 to RMB1,416.1 million in 2024, which was primarily attributable to (i) the larger sales volume generated through direct sales as we continued to expand sales channels and strengthened promotional efforts, which commanded a higher retail price compared to distributor prices and (ii) the continuous launch of product series entailing higher sales prices, partially offset by a 17.2% decrease in the sales volume from 870.7 thousand unit to 720.6 thousand unit, mainly because we focused on promoting relatively high-end product series, leading to a more selective sales volume and higher average selling prices.

3D Printing Consumables

Comparison between 2025 and 2024. Our revenue from 3D printing consumables increased by 60.0% from RMB261.5 million in 2024 to RMB418.4 million in 2025, which was primarily attributable to a 68.9% increase in the sales volume of our 3D printing consumables from 3.2 million units in 2024 to 5.4 million units in 2025, mainly in relation with our expansion of the sales network by launching more online stores and cooperating with more distributors, partially offset by a 5.3% decrease in the average selling price of our 3D printing consumables from RMB81.5 in 2024 to RMB77.2 in 2025, primarily due to the launch of a new product series with a relatively lower selling price in 2025.

Comparison between 2024 and 2023. Our revenue from 3D printing consumables increased by 92.0% from RMB136.2 million in 2023 to RMB261.5 million in 2024, which was primarily attributable to a 83.0% increase in the sales volume of our 3D printing consumables from 1.8 million units in 2023 to 3.2 million units in 2024, mainly in relation with our expansion of the sales network by launching more online stores and cooperating with more distributors.

3D Scanners

Comparison between 2025 and 2024. Our revenue from 3D scanners increased by 76.2% from RMB207.6 million in 2024 to RMB365.7 million in 2025, primarily due to (i) an increase in the sales volume of our 3D scanners from 72.1 thousand units in 2024 to 85.6 thousand units in 2025, mainly in relation with our expansion of the sales network by launching more online stores and cooperating with more distributors and (ii) a 48.5% increase in the average selling price of our 3D scanners from RMB2,878.8 in 2024 to RMB4,273.6 in 2025, mainly in relation with the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices.

Comparison between 2024 and 2023. Our revenue from 3D scanners increased significantly from RMB41.5 million in 2023 to RMB207.6 million in 2024, primarily due to (i) a significant increase in the sales volume of our 3D scanners from 24.0 thousand units in 2023 to 72.1 thousand units in 2024, mainly in relation with our expansion of the sales network by launching more online stores and cooperating with more distributors and (ii) a 66.2% increase in the average selling price of our 3D scanners from RMB1,731.7 in 2023 to RMB2,878.8 in 2024, mainly (i) attributable to the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices, and (ii) driven by the continuous launch of product series entailing higher sales prices.

Laser Engravers

Comparison between 2025 and 2024. Our revenue from laser engravers increased by 37.9% from RMB163.4 million in 2024 to RMB225.4 million in 2025, primarily due to a 57.0% increase in the sales volume of our laser engravers from 47.2 thousand units in 2024 to 74.1 thousand units in 2025, mainly attributable to our expansion of the sales network by launching more online stores and cooperating with more distributors.

Comparison between 2024 and 2023. Our revenue from laser engravers increased by 46.9% from RMB111.2 million in 2023 to RMB163.4 million in 2024, primarily due to (i) a 29.3% increase in the sales volume of our laser engravers from 36.5 thousand units in 2023 to 47.2 thousand units in 2024, mainly in relation with our expansion of the sales network by launching more online stores and cooperating with more distributors and (ii) a 13.6% increase in the average selling price of our laser engravers from RMB3,045.4 in 2023 to RMB3,460.2 in 2024, mainly driven by the continuous launch of product series entailing higher sales prices.

Accessories and Others

Comparison between 2025 and 2024. Our revenue from accessories and others increased by 38.1% from RMB236.3 million in 2024 to RMB326.3 million in 2025, primarily due to the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices.

Comparison between 2024 and 2023. Our revenue from accessories and others increased by 25.5% from RMB188.3 million in 2023 to RMB236.3 million in 2024, primarily due to the larger sales volume generated through direct sales, which commanded a higher retail price compared to distributor prices.

3D Printed Products and Services

In 2023, 2024 and 2025, revenue from 3D printed products and services amounted to RMB1.8 million, RMB3.3 million, and RMB6.3 million, respectively. The upward trend during the Track Record Period was mainly attributable to the increased members registered on our *Creality Cloud*.

Revenue by Geographic Location

During the Track Record Period, we sold our products mainly to Asia, North America, Europe and other countries. The following table sets forth a breakdown of our revenue by geographic location, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
North America	560,606	29.8	615,113	26.9	1,007,239	32.2
Europe	439,986	23.4	552,995	24.2	784,617	25.1
PRC (including Hong Kong, Macau and Taiwan)[1]	580,474	30.8	666,517	29.1	808,470	25.9
Asia (excluding PRC)	106,553	5.7	167,780	7.3	196,906	6.3

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
South America	125,664	6.7	159,917	7.0	201,912	6.5
Oceania	50,529	2.7	90,031	3.9	81,424	2.6
Africa	19,050	0.9	35,975	1.6	46,472	1.5
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Note:

(1) During the Track Record Period, the vast majority of our revenue generated from PRC (including Hong Kong, Macau and Taiwan) was from cross-border e-commerce traders, who then sold our products to overseas customers.

During the Track Record Period, we generally experienced steady growth in revenue from sales to each area, primarily driven by our expansion into overseas markets through the establishment of DTC stores, collaboration with international e-commerce platforms to launch additional stores, and partnerships with more overseas distributors. Consequently, we reduced our reliance on domestic distributors who procured our products for distribution in international online markets.

Our revenue from sales to the PRC amounted to RMB580.5 million, RMB666.5 million and RMB808.5 million, respectively, in 2023, 2024 and 2025. During the Track Record Period, our revenue from sales to the PRC increased during the Track Record Period, primarily due to increased sales through domestic e-commerce platforms and to distributors serving international online markets.

Revenue by Sales Channel

During the Track Record Period, we sold our products through online sales channel and offline sales channel. During the Track Record Period, substantially all of our revenue from our online sales channel were from our direct sales; and substantially all of our revenue from our offline sales channel were from our sales to distributors. The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Online sales	671,456	35.7	936,553	40.9	1,517,870	48.5
Offline sales	1,211,406	64.3	1,351,775	59.1	1,609,170	51.5
Total	**1,882,862**	**100.0**	**2,288,328**	**100.0**	**3,127,040**	**100.0**

Online Sales Channel. Our revenue from online sales channel was RMB671.5 million, RMB936.6 million and RMB1,517.9 million, respective, in 2023, 2024, and 2025, accounting for 35.7%, 40.9% and 48.5%, respectively, of our total revenue in the respective periods. Such upward trends in both the absolute amount and percentage of total revenue generated from our online sales channel were mainly attributable to (i) our expansion of the direct sales network by launching additional online stores, as evidenced by the increasing number of our online stores from 50 as of December 31, 2023 to 73 and 81 as of December 31, 2024 and 2025, respectively, and (ii) the stronger performance of our existing stores driven by enhanced promotional strategies, mainly including (a) promotions and discounts on holidays to attract new customers, (b) membership and loyalty programs on our DTC stores to enhance customer stickiness, and (c) localized marketing initiatives, such as leveraging local influencers, organize promotion activities around local holidays, and adopting local languages and payment methods.

Offline Sales Channel. Our revenue from offline sales channel was RMB1,211.4 million, RMB1,351.8 million and RMB1,609.2 million, respective, in 2023, 2024, and 2025, accounting for 64.3%, 59.1%, and 51.5%, respectively, of our total revenue in the respective periods. The upward trend in the absolute amount of revenue from our offline sales channel were mainly attributable to our partnerships with more distributors. During the Track Record Period, the number of our distributors increased steadily, with 579, 419 and 349 new distributors added in 2023, 2024 and 2025, respectively. The downward trend in the percentage of total revenue generated from distribution channel were mainly attributable to our expansion of the direct sales network by launching additional online stores.

Cost of Sales

Our cost of sales comprises (i) raw materials cost in relation to the raw materials used in the production, (ii) employee benefits expenses representing the salaries paid to our production personnel and (iii) others. The following table sets forth a breakdown of the components of our cost of sales, in absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Raw materials cost	984,207	52.3	1,207,981	52.8	1,613,768	51.6
Employee benefits expenses	69,754	3.7	85,441	3.7	141,006	4.5
Others[(1)]	229,372	12.2	287,105	12.6	397,376	12.7
Total	**1,283,333**	**68.2**	**1,580,527**	**69.1**	**2,152,150**	**68.8**

Note:

(1) Others primarily include freight and storage expenses, depreciation and amortization costs and warranty expenses.

Our cost of sales increased by 23.2% from RMB1,283.3 million in 2023 to RMB1,580.5 million in 2024, and further by 36.2% to RMB2,152.2 million in 2025. Such upward trend of our cost of sales during the Track Record Period was generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown by business line of our gross profit, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
3D Printers	433,292	30.9	414,245	29.3	506,216	28.4
3D Printing Consumables	40,838	30.0	91,023	34.8	148,699	35.5
3D Scanners	11,709	28.2	65,853	31.7	123,761	33.8
Laser Engravers	41,534	37.3	58,667	35.9	77,890	34.6
Accessories and Others	70,599	37.5	75,206	31.8	113,261	34.7
– Scrap Materials[1]	304	89.8	566	81.3	635	87.9
3D Printed Products and Services[2]	1,557	88.5	2,807	84.2	5,063	80.6
Total	**599,529**	**31.8**	**707,801**	**30.9**	**974,890**	**31.2**

Notes:

(1) The gross profit margin of sales of scrap materials is relatively high, primarily because the production costs associated with such scrap materials are absorbed in and allocated to the overall production costs, and no additional costs are recognized upon the subsequent sales.

(2) Since revenue from our 3D printed products and services primarily comprised VIP membership fees and commission income from model transactions on our *Creality Cloud* platform during the Track Record Period, it entailed a relatively higher gross profit margin due to the inherent low cost structure associated with such digital services, which minimized expenses relative to income.

Our gross profit increased by 18.1% from RMB599.5 million in 2023 to RMB707.8 million in 2024, and further by 37.7% to RMB974.9 million in 2025. And our gross profit margin decreased from 31.8% in 2023 to 30.9% in 2024, and increased to 31.2% in 2025. Specifically:

- *3D Printers.* The gross profit margin of our 3D printers decreased from 30.9% in 2023 to 29.3% in 2024, and further to 28.4% in 2025, mainly because (i) we strategically priced our newly launched products at a slightly lower margin compared to previous products by offering more cost-effective products so as to capture greater market share, which lowered our overall gross profit margin despite supporting our average selling price, (ii) the delayed launch of our new high-end K2 Plus model in 2024 limited the contribution from higher-margin products, and (iii) we recorded increased sales of older models with lower margins driven by promotional activities, which generally carry lower gross margins.

- *3D Printing Consumables.* The gross profit margin of our 3D printing consumables increased from 30.0% in 2023 to 34.8% in 2024, and further to 35.5% in 2025, primarily due to the larger sales volume generated through online direct sales, driven by the expansion of our self-operated online stores, where products are sold at retail prices without distribution discounts.

- *3D Scanners.* The gross profit margin of our 3D scanners increased from 28.2% in 2023 to 31.7% in 2024, primarily due to a change in our product mix, as we launched the Raptor series in 2024, which entails higher selling price and profit margin. The gross profit margin of our 3D scanners further increased to 33.8% in 2025, primarily due to the larger sales volume generated through direct sales, driven by the expansion of our self-operated online stores, where products are sold at retail prices without distribution discounts.

- *Laser Engravers.* The gross profit margin of our laser engravers decreased from 37.3% in 2023 to 35.9% in 2024, and further to 34.6% in 2025, mainly due to changes in our product mix, as we launched certain entry-level products at relatively lower selling prices.

- *Accessories and Others.* The comparisons of historical gross profit margins for our accessories and others are difficult due to the wide pricing spectrum and heterogeneous profitability profiles within this product category. In 2023, our sales of accessories and others primarily included accessories with relatively higher gross profit margins, such as our sonic pads. In 2024, we launched our new drying boxes with relatively lower gross profit margin, which recorded a high sales contribution and contributed to a decreased overall gross profit margin. In 2025, we recorded larger sales volume generated through online direct sales, and enhanced sales of scanner handles with relatively higher gross profit margins, leading to an improvement in the overall gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses comprise (i) marketing and advertising expenses mainly representing (a) promotion fees paid to third-party e-commerce platforms and search engines, (b) key opinion leader cooperation fees and (c) exhibition fees, (ii) staff cost mainly representing the salaries and benefits paid to our selling and marketing personnel, (iii) commission to e-commerce platforms mainly in relation to our online sales through e-commerce platforms, (iv) warehousing expenses, (v) professional services fees mainly representing technical service fees and insurance fees, (vi) share-based compensation expenses mainly in relation to our share incentive plans and (vii) others. The following table sets forth a breakdown of our selling and marketing expenses, in absolute terms and as percentages of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Marketing and advertising expenses	157,463	8.4	192,486	8.4	267,388	8.6
Staff cost	63,846	3.4	80,676	3.5	119,207	3.8
Commission to e-commerce platforms	39,317	2.1	53,282	2.3	96,044	3.1
Warehousing expenses	9,530	0.5	22,096	1.0	30,326	1.0
Professional services fees	1,600	0.1	9,944	0.4	10,783	0.3
Share-based compensation expenses	618	0.0	2,822	0.1	3,765	0.1
Others[(1)]	29,181	1.5	21,701	1.0	42,549	1.3
Total	**301,555**	**16.0**	**383,007**	**16.7**	**570,062**	**18.2**

Note:

(1) Others primarily include depreciation and amortization expenses as well as travelling and entertainment expenses.

Comparison between 2025 and 2024. Our selling and marketing expenses increased by 48.8% from RMB383.0 million in 2024 to RMB570.1 million in 2025, which is primarily attributable to an increase in marketing and advertising expenses from RMB192.5 million in 2024 to RMB267.4 million in 2025, primarily representing the promotion fees paid to third-party e-commerce platforms, social media and search engines, and key opinion leader cooperation fees. Our staff cost also increased by 47.8% from RMB80.7 million in 2024 to RMB119.2 million in 2025, primarily due to the increased number of selling and marketing personnel to support (i) our continuous brand promotion and marketing campaigns, including those for our 3D scanner and laser engravers and the build-out of our Piocreate 3D printer series, as well as the transition to in-house KOL operations, (ii) the expansion of overseas teams to support overseas distribution and brand promotion, and (iii) our DTC and Amazon stores in line with the growth of our online business.

Comparison between 2024 and 2023. Our selling and marketing expenses increased by 27.0% from RMB301.6 million in 2023 to RMB383.0 million in 2024, which is primarily attributable to an increase in marketing and advertising expenses from RMB157.5 million in 2023 to RMB192.5 million in 2024, primarily representing the promotion fees paid to third-party e-commerce platforms, social media and search engines, and key opinion leader cooperation fees. Our staff cost also increased by 26.4% from RMB63.8 million in 2023 to RMB80.7 million in 2024, primarily due to the increased number of selling and marketing personnel to support (i) the promotion of our 3D scanner and laser engravers, with a focus on advertising optimization and the development of KOL resources on social media, (ii) our DTC and Amazon stores in line with the growth of our online business, and (iii) the expansion of customer service team following our increased product sales.

General and Administrative Expenses

Our general and administrative expenses comprise (i) staff cost mainly representing the salaries and benefits paid to our administrative personnel, (ii) payment processing fees, (iii) depreciation and amortization expenses, (iv) professional service fees, (v) office expenses including utilities and office supplies expenditures, (vi) share-based compensation expenses mainly in relation to our share incentive plans and (vii) others. The following table sets forth a breakdown of our general and administrative expenses, in absolute terms and as percentages of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Staff cost	38,623	2.1	48,804	2.1	64,437	2.1
Payment processing fees	15,258	0.8	18,000	0.8	25,328	0.8
Depreciation and amortization	10,991	0.6	10,065	0.4	13,412	0.4
Professional service fees	7,399	0.4	12,629	0.6	20,247	0.6
Office expenses	2,790	0.1	3,543	0.2	4,809	0.2
Share-based compensation expenses	397	0.0	1,985	0.1	6,790	0.2
Others	7,089	0.4	10,712	0.4	35,080	1.1
Total	**82,547**	**4.4**	**105,738**	**4.6**	**170,103**	**5.4**

Comparison between 2025 and 2024. Our general and administrative expenses increased by 60.9% from RMB105.7 million in 2024 to RMB170.1 million in 2025, which is primarily attributable to increases in [**REDACTED**]-related expenses and staff cost.

Comparison between 2024 and 2023. Our general and administrative expenses increased by 28.1% from RMB82.5 million in 2023 to RMB105.7 million in 2024, which is primarily attributable to the increases in (i) staff cost from RMB38.6 million to RMB48.8 million during the same period mainly due to the increases in the number of our administrative personnel and their salaries and bonuses as a result of our business expansion and (ii) professional service fees from RMB7.4 million to RMB12.6 million during the same period mainly due to the increases in patent fee, recruitment fee and consulting fee.

Research and Development Expenses

Our research and development expenses comprise (i) staff cost mainly representing the salaries and benefits paid to our R&D personnel, (ii) raw materials and consumables used in our R&D activities and testing, (iii) depreciation and amortization, (iv) rental and utility fees mainly in relation to the offices of our R&D team, (v) share-based compensation expenses mainly in relation to our share incentive plans and (vi) others. The following table sets forth a breakdown of our research and development expenses, in absolute terms and as percentages of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Staff cost	75,945	3.9	116,155	5.1	171,526	5.5
Raw materials and consumables used	8,748	0.5	16,053	0.7	25,029	0.8
Depreciation and amortization	6,604	0.4	7,448	0.3	10,404	0.3
Rental and utility fees	1,553	0.1	2,151	0.1	3,316	0.1
Share-based compensation expenses	429	0.0	2,658	0.1	3,688	0.1
Others	2,992	0.2	4,241	0.2	7,912	0.3
Total	**96,271**	**5.1**	**148,706**	**6.5**	**221,875**	**7.1**

Comparison between 2025 and 2024. Our research and development expenses increased by 49.2% from RMB148.7 million in 2024 to RMB221.9 million in 2025, primarily due to the increase in staff cost from RMB116.2 million to RMB171.5 million during the same period mainly due to the increases in the number of our R&D personnel and their salaries and bonuses as a result of our business expansion. Specifically, we focused on the development of our 3D printers, including engineering of core modules, iterative development of our self-developed operating system with cost optimization, and advancement of key technologies such as multi-colour and high-speed printing. We also expanded our R&D team for laser engravers by recruiting experienced professionals with advanced academic backgrounds, and strengthening our fundamental research capabilities in areas such as optics, motion control, AI and sensor integration.

Comparison between 2024 and 2023. Our research and development expenses increased by 54.5% from RMB96.3 million in 2023 to RMB148.7 million in 2024, primarily due to the increase in staff cost from RMB75.9 million to RMB116.2 million during the same period mainly due to the increases in the number of our R&D personnel and their salaries and bonuses as a result of our business expansion. In 2024, we conducted a number of R&D projects mainly in relation to our 3D printers, including projects on multi-colour printing capabilities, high-speed printing and overall machine performance optimization, as well as print quality enhancement focusing on layer consistency, levelling accuracy and noise control.

Net Impairment Reversal/(Losses) on Financial Assets

Our net impairment losses or reversal of impairment on financial assets primarily relate to our trade and other receivables and other financial assets. See Note 3.1.2 to "Appendix I — Accountant's Report" for more details. We recorded net impairment losses on financial assets of RMB1.3 million and RMB3.2 million in 2024 and 2025, respectively, mainly representing the increased addition in our trade and other receivables and other financial assets for the relevant periods. We recorded net impairment reversal on financial assets of RMB0.3 million in 2023, primarily due to the decreased addition in our trade receivables for the relevant periods.

Other Income

Our other income mainly comprise (i) government grants, which mainly comprised PRC government subsidies to support our business operations, R&D activities and talent recruitment, which are generally non-recurring, (ii) value-added tax ("**VAT**") refund mainly in relation to our sales of computer software, (iii) additional VAT deduction based on our deductible input VAT, representing a preferential tax treatment for advanced manufacturing enterprises including our Company, (iv) interest income mainly in relation to our bank deposits and (v) others. The government grants we received were subject to various criteria. Eligibility for these grants includes, but is not limited to, having a strong advantage in intellectual property rights, passing expert evaluations and public review procedures, demonstrating exceptional innovation capabilities and performance, achieving target annual revenue with a minimum year-on-year growth rate, making significant technological breakthroughs, and maintaining stable employment. The following table sets forth a breakdown of our other income for the periods indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Government grants	34,646	66.4	10,142	41.6	16,290	52.3
Value-added Tax ("**VAT**") refund	12,099	23.2	8,245	33.8	11,567	37.2
Additional VAT deduction	1,297	2.5	4,098	16.8	2,664	8.6
Interest income	3,932	7.5	1,115	4.6	250	0.8
Others	200	0.4	783	3.2	351	1.1
Total	**52,174**	**100.0**	**24,383**	**100.0**	**31,122**	**100.0**

Comparison between 2025 and 2024. Our other income increased by 27.6% from RMB24.4 million in 2024 to RMB31.1 million in 2025, primarily attributed to an increase in government grants from RMB10.1 million in 2024 to RMB16.3 million in 2025, mainly because we received a special development fund in the amount of RMB2.9 million allocated to small and medium-sized enterprises focused on specialized and innovative sectors in 2025.

Comparison between 2024 and 2023. Our other income decreased by 53.3% from RMB52.2 million in 2023 to RMB24.4 million in 2024, primarily attributable to a decrease in government grants from RMB34.6 million in 2023 to RMB10.1 million in 2024, mainly because we received a reward for high-growth enterprises in the amount of RMB10.2 million in 2023.

Other Gains/(Losses), Net

Our other gains/(losses), net, mainly comprise (i) net gains on financial asset at fair value through profit or loss ("**FVPL**") mainly in relation to our wealth management products, (ii) net gains on derivatives financial instruments mainly in relation to our foreign exchange option contracts, (iii) net losses on disposal of property and equipment and other assets mainly in relation to our replacement of office equipment and office facilities, (iv) issuance of shares and special dividends to investors, which relates to compensation provided to the Series A Investors regarding the amendments to the redemption terms and the extension of redemption deadlines. As such arrangement represents compensation provided on behalf of our Controlling Shareholders, it was therefore recognized through profit or loss in accordance with IFRS 2. See Note 8 to the Accountant's Report included in Appendix I for more details, (v) net foreign exchange gains or losses in connection with the sales proceeds from our sales to overseas customers mainly denominated in local currencies and (vi) others. The following table sets forth a breakdown of our other gains/(losses), net for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
	(RMB in thousands, except for percentages)		
Net gains on financial asset at FVPL	926	1,342	1,633
Net gains on derivatives financial instruments	2,630	1,258	2,539
Net losses on disposal of property and equipment and other assets	(2)	(90)	(324)
Issuance of shares and special dividends to investors	–	–	(240,307)
Net foreign exchange gains/(losses)	1,384	2,389	(880)
Others	937	578	(1,442)
Total	**5,875**	**5,477**	**(238,781)**

Comparison between 2025 and 2024. We recorded other gains, net of RMB5.5 million in 2024, and other losses, net of RMB238.8 million in 2025, primarily due to the increase in issuance of shares and special dividends to investors of RMB240.3 million.

Comparison between 2024 and 2023. Our other gains, net decreased by 6.8% from RMB5.9 million in 2023 to RMB5.5 million in 2024, primarily due to a decrease in net gains on derivatives financial instruments from RMB2.6 million in 2023 to RMB1.3 million in 2024, mainly in relation to our option contracts in relation to U.S. dollars against Renminbi.

Finance Costs, Net

The following table sets forth a breakdown of our finance costs, net for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
	(in thousands, except for percentages)		
Finance income			
– Interest income from bank deposits	6,635	5,445	5,895
Finance costs			
– Interest expenses on borrowings	(14,864)	(16,388)	(12,630)
– Interest expenses on lease liabilities	(1,611)	(1,027)	(1,517)
– Interest expenses on redemption liabilities	(40,456)	–	–
	(56,931)	(17,415)	(14,147)
Less: borrowing costs capitalized in construction in progress	7,658	2,243	–
	(49,273)	(15,172)	(14,147)
Total	**(42,638)**	**(9,727)**	**(8,252)**

Comparison between 2025 and 2024. Our finance costs, net decreased by 15.2% from RMB9.7 million in 2024 to RMB8.3 million in 2025, primarily attributable to a decrease in interest expenses on borrowings as a result of lower interest rates during the period.

Comparison between 2024 and 2023. Our finance costs, net decreased by 77.2% from RMB42.6 million in 2023 to RMB9.7 million in 2024, primarily attributable to the decrease in interest expenses on redemption liabilities, mainly due to the cancellation of our repurchase obligation owed to certain investors as we terminated the special rights agreement with them at the end of 2023.

Income Tax (Expenses)/Credits

We recorded income tax expenses of RMB6.4 million and RMB0.6 million in 2023 and 2024, respectively. We recorded income tax credits of RMB23.8 million in 2025. Our effective tax rate (calculated as income tax expenses divided by profit before tax) was 4.7% and 0.6% in 2023 and 2024, respectively. Our effective tax rate was as low as 0.6% in 2024, primarily due to our increased R&D expenses in 2024, resulting in a higher amount eligible for additional deductions. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are incorporated and operate. Our principal applicable taxes and tax rates are set forth as follows:

PRC. Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries, other subsidiaries within our Group operating in the PRC are subject to the EIT Law at the statutory rate of 25.0% during the Track Record Period.

During the Track Record Period, our Company and several of our subsidiaries were accredited as High and New Technology Enterprises and were therefore entitled to a preferential income tax rate of 15.0%. In addition, certain of our subsidiaries were qualified as small and micro enterprises and were eligible to calculate their taxable income at a reduced rate of 25.0% and pay corporate income tax at a 20.0% tax rate during the Track Record Period. See Note 11 to "Appendix I — Accountant's Report" for more details.

Hong Kong. Certain of our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 for the years ended December 31, 2023, 2024 and 2025.

United States. Pursuant to the relevant tax laws of the United States, a maximum federal corporate income tax rate of 21% and an applicable state tax rate of 8.84% have been applied to the taxable income generated in the United States for the years ended December 31, 2023, 2024 and 2025.

Germany. The corporate income tax rate in Germany is 32.275% for the years ended December 31, 2023, 2024 and 2025.

During the Track Record Period, we recorded income tax expenses of RMB6.4 million in 2023 and RMB0.6 million in 2024, and income tax credits of RMB23.8 million in 2025, primarily due to (i) our decreased profit before income tax and (ii) super deductions for research and development expenses related to our increased R&D activities.

Profit/(Loss) for the Year

As a result of the foregoing, our profit for the year decreased by 31.0% from RMB128.5 million in 2023 to RMB88.7 million in 2024. We recorded loss for the year of RMB182.4 million in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations, bank borrowings and shareholder contributions. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations, available banking facilities and the estimated [**REDACTED**] from the [**REDACTED**]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB301.5 million, RMB463.5 million and RMB277.3 million as of December 31, 2023, 2024 and 2025, respectively.

Working Capital Sufficiency

Taking into account the [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements for at least the next twelve months from the date of this Document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	161,123	172,911	(63,977)
Net cash used in investing activities	(124,859)	(63,056)	(124,388)
Net cash (used in)/generated from financing activities	(50,915)	46,846	(1,540)
Net (decrease)/increase in cash and cash equivalents	**(14,651)**	**156,701**	**(189,905)**
Cash and cash equivalents at the beginning of the year	314,791	301,532	463,486
Effect of exchange rate changes on cash and cash equivalent	1,392	5,253	3,729
Cash and cash equivalents at the end of the year	**301,532**	**463,486**	**277,310**

Net Cash Generated from/(Used in) Operating Activities

Our cash flows from operating activities reflect our profit before income tax adjusted for: (i) non-cash or non-operating items (such as depreciation of property, plant and equipment and depreciation of right-of-use assets); (ii) the effects of movement in working capital (such as inventories, trade receivables and trade and notes payables); and (iii) other cash items (such as income taxes).

In 2025, we had net cash used in operating activities of RMB64.0 million. We had operating cash inflow before changes in working capital, primarily consisting of loss before tax of RMB206.2 million, adjusted for certain non-cash or non-operating items, primarily including issuance of shares and dividends to Pre-[**REDACTED**] Investors of RMB240.3 million. Changes in working capital resulted in a net cash outflow, primarily consisting of (i) an increase in inventories of RMB236.8 million, and (ii) an increase in trade receivables of RMB116.1 million. Due to the expansion of our overseas online stores, we have raised inventory levels in international warehouses. Transitioning from previous deliveries from China, we are now gradually shifting to delivery from overseas warehouses or direct home delivery to overseas customers. This change has lengthened the transportation cycle, leading to an increase in inventory turnover days and tied-up capital, which contributed to net operating cash outflows in 2025. We expect our operating cash flow to improve in the future as our expansion into overseas markets will lead to enhanced cash inflow, particularly when inventory levels in international warehouses eventually stabilize. In light of the net operating cash outflows, we plan to improve our operating cash flow by optimizing inventory turnover efficiency through (i) improving transportation timeliness, and (ii) enhancing holiday stocking frequency, and enhancing operational efficiency through (i) developing competitive products via sustained R&D investments to boost profitability, and (ii) improving sales channel development and promotion to lower sales expenses.

In 2024, we had net cash generated from operating activities of RMB172.9 million. We had operating cash inflow before changes in working capital, primarily consisting of profit before tax of RMB89.2 million, adjusted for certain non-cash or non-operating items, primarily including (i) depreciation of property, plant and equipment of RMB33.8 million, (ii) impairment provision for inventories of RMB19.3 million, (iii) depreciation of right-of-use assets of RMB16.8 million and (iv) interest expenses on borrowings of RMB14.1 million. Changes in working capital resulted in a net cash inflow, primarily consisting of an increase in trade and notes payables of RMB127.6 million primarily in line with our business expansion, partially offset by increases in inventories of RMB101.2 million and trade receivables of RMB49.0 million, both attributable to our business growth.

In 2023, we had net cash generated from operating activities of RMB161.1 million. We had operating cash inflow before changes in working capital, primarily consisting of profit before tax of RMB134.9 million, adjusted for certain non-cash or non-operating items, primarily including (i) interest expenses on redemption liabilities of RMB40.5 million, (ii) depreciation of property, plant and equipment of RMB20.9 million and (iii) depreciation of right-of-use assets of RMB20.1 million. Changes in working capital resulted in a net cash outflow, primarily consisting of an increase in trade payables of RMB155.4 million, partially offset by increases in (i) inventories of RMB186.6 million and (ii) prepayments, other receivables and other assets of RMB55.3 million, both attributable to our business growth.

Net Cash Used in Investing Activities

Our cash inflows from investing activities primarily consisted of proceeds from settlement of financial assets at fair value through profit or loss. Our cash outflows from investing activities primarily consist of purchases of financial assets at fair value through profit or loss and purchases of property, plant and equipment.

In 2025, our net cash used in investing activities was RMB124.4 million, which consisted primarily of purchases of financial assets at fair value through profit or loss of RMB555.3 million mainly representing our wealth management products, partially offset by proceeds from settlement of financial assets at fair value through profit or loss of RMB442.1 million mainly in relation with our withdrawal of wealth management products.

In 2024, our net cash used in investing activities was RMB63.1 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB335.5 million mainly representing our wealth management products and (ii) purchases of property, plant and equipment of RMB207.4 million in relation with our product base in Huizhou, partially offset by proceeds from settlement of financial assets at fair value through profit or loss of RMB376.7 million mainly in relation with our withdrawal of wealth management products.

In 2023, our net cash used in investing activities was RMB124.9 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB153.0 million mainly representing our wealth management products and (ii) purchases of property, plant and equipment of RMB144.4 million in relation with our product base in Huizhou, partially offset by proceeds from settlement of financial assets at fair value through profit or loss of RMB187.1 million mainly due to our withdrawal of wealth management products.

Net Cash (Used in)/Generated from Financing Activities

Our cash inflows from financing activities primarily consisted of proceeds from borrowings. Our cash outflows from financing activities primarily consisted of repayments of borrowings.

In 2025, our net cash financing activities was RMB1.5 million, which consisted primarily of repayments of borrowings of RMB567.6 million and dividends paid of RMB81.4 million, partially offset by proceeds from borrowings of RMB683.7 million.

In 2024, our net cash generated from financing activities was RMB46.8 million, which consisted primarily of proceeds from borrowings of RMB250.0 million, partially offset by repayments of borrowings of RMB168.0 million.

In 2023, our net cash used in financing activities was RMB50.9 million, which consisted primarily of repayments of borrowings of RMB215.0 million and dividends paid of RMB71.0 million, partially offset by proceeds from borrowings of RMB273.4 million.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
		(RMB in thousands)		
				(unaudited)
Current Assets				
Inventories	356,298	438,243	634,265	818,973
Trade receivables	177,365	225,298	338,303	363,217
Prepayments, other receivables and other assets	89,814	125,353	138,883	138,595
Term deposits	98,959	21,760	–	–
Financial assets at fair value through profit or loss	51,195	11,357	126,175	3,004
Derivative financial instruments	1,083	–	–	–
Restricted cash	29,033	17,284	55,103	61,178
Cash and cash equivalents	301,532	463,486	277,310	255,563
Total current assets	**1,105,279**	**1,302,781**	**1,570,039**	**1,640,530**
Current liabilities				
Contract liabilities	37,240	76,318	52,844	50,059
Trade and notes payables	491,788	573,848	749,518	859,392
Other payables and accruals	114,033	130,088	169,311	146,912
Current income tax liabilities	11,093	5,726	4,204	5,212
Borrowings	95,206	116,100	230,228	216,223
Lease liabilities	14,220	11,555	15,963	16,021
Derivative financial instruments	757	4,528	1,215	52
Total current liabilities	**764,337**	**918,163**	**1,223,283**	**1,293,871**
Net current assets	**340,942**	**384,618**	**346,756**	**346,659**

Our net current assets increased from RMB340.9 million as of December 31, 2023 to RMB384.6 million as of December 31, 2024, primarily due to an increase in cash and cash equivalents from RMB301.5 million as of December 31, 2023 to RMB463.5 million as of December 31, 2024, partially offset by an increase in trade and notes payables from RMB491.8 million as of December 31, 2023 to RMB573.8 million as of December 31, 2024, primarily in line with our business expansion. Our net current assets decreased from RMB384.6 million as of December 31, 2024 and RMB346.8 million as of December 31, 2025, primarily due to (i) a decrease in cash and cash equivalents of RMB186.2 million, and (ii) an increase in trade and notes payables of RMB175.7 million, mainly attributable to the increased purchases from our suppliers driven by our increased sales. Our net current assets remained relatively stable at RMB346.8 million as of December 31, 2025 and RMB346.7 million as of March 31, 2026.

Inventories

Our inventories consist of (i) finished goods, (ii) raw materials, (iii) work in progress, (iv) consigned processing materials and (v) contract fulfilment costs mainly representing logistics costs. During the Track Record Period, our raw materials mainly included optical and thermal components, electronic and electrical parts, mechanical parts, structural parts, consumables and related materials. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB356.3 million, RMB438.2 million and RMB634.3 million, respectively. Such upward trend during the Track Record Period was generally in line with our business expansion. Especially, our expansion into overseas markets, particularly through the launch of additional online stores, has required us to maintain higher inventory levels pre-stored at our overseas warehouses.

The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	260,742	294,468	515,784
Raw materials	81,031	123,185	100,757
Work in progress	27,318	43,054	51,173
Consigned processing materials	7,123	12,001	18,573
Contract fulfilment costs	593	612	–
	376,807	473,320	686,287
Less: Provision for impairment loss	(20,509)	(35,077)	(52,022)
Total	**356,298**	**438,243**	**634,265**

We believe that by maintaining optimal inventory levels, we can meet our customer demand and ensure their satisfaction without compromising our liquidity. To this end, we have put in place a set of policies and procedures to manage our inventories. See "Business — Warehousing, Logistics and Inventory Management" for more details.

Our inventories are subject to provision for impairment loss mainly due to the decreases in the market prices of our inventories as a result of the rapid obsolescence of electronic components and parts. We have conducted impairment assessments in accordance with IAS 2. Specifically, provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount and is recorded in cost of sales in the consolidated income statements. The provision for inventories amounted to RMB14.0 million, RMB19.3 million and RMB40.8 million, respectively, for the years ended December 31, 2023, 2024 and 2025. We had provision for impairment loss of approximately RMB20.5 million, RMB35.1 million and RMB52.0 million, respectively, as of December 31, 2023, 2024 and 2025. Our Directors are of the view that the provisions made are adequate and that there are no material impairment issues in respect of our inventories.

The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 3 months	310,781	392,800	576,849
Between 3 and 6 months	31,920	30,697	45,314
Between 6 months and 1 year	12,445	18,169	32,583
Between 1 and 2 years	7,521	14,050	13,531
Over 2 years	14,140	17,604	18,009
Total	**376,807**	**473,320**	**686,287**

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days(1)	81.4	98.2	98.3

Note:

(1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year divided by cost of sales for that corresponding year and multiplied by 365 days for 2023, 2024 and 2025.

Our inventory turnover days increased from 81.4 days in 2023 to 98.2 days in 2024 and further to 98.3 days in 2025, primarily due to the increased inventories in transit and stored in our overseas warehouses resulting from the expansion of our overseas sales.

As of March 31, 2026, RMB541.1 million, or 85.3%, of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade Receivables

Our trade receivables mainly represent the outstanding amounts due from our distributors. We may grant credit terms to distributors on a case-by-case basis, taking into consideration factors such as cooperation history and an evaluation of their credit standing. See "Business — Sales and Marketing — Our Sales Network" for more details. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	187,601	236,271	350,919
Less: loss allowance	(10,236)	(10,973)	(12,616)
Trade receivables, net	**177,365**	**225,298**	**338,303**

Our trade receivables increased from RMB177.4 million as of December 31, 2023 to RMB225.3 million as of December 31, 2024, and further increased to RMB338.3 million as of December 31, 2025, primarily in line with our business growth.

We made provisions of loss allowance in trade receivables of RMB10.2 million, RMB11.0 million and RMB12.6 million, respectively, as of December 31, 2023, 2024 and 2025. During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

We have assessed the recoverability of our trade receivables, and confirm that our trade receivables have been collected consistently with a high collection rate, the provisions made are adequate, and there are no material impairment or recoverability issues with respect to our trade receivables.

We have conducted an impairment assessment in accordance with IFRS 9 for our trade receivables. To measure the expected credit losses (the "ECL"), trade receivables have been grouped based on shared credit risk characteristics, credit rating and aging periods. The expected loss rates are based on the historical credit loss rates by industry and data published by external credit rating institutions, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. See Note 3.1.2 to the Accountant's Report included in Appendix I for more details on impairment provisions for trade receivables. In addition to the ECL assessment, we have adopted a proactive and disciplined collection strategy, including (i) conducting comprehensive evaluations of customers' creditworthiness, business conditions and financial positions prior to granting any payment terms to ensure their repayment capability, (ii) continuously monitor customers' credit profiles, operating and financial conditions, as well as overall receivable trends, and proactively following up to safeguard recoverability, and (iii) implementing timely collection actions upon payment due dates, including continuous communication with customers and issuance of periodic payment demands. Given our diligent credit assessments, continuous monitoring, proactive follow-ups as mentioned above, we do not expect to experience any material issue in the recoverability of our trade receivables in the foreseeable future.

The following table sets forth the aging analysis of the trade receivables based on the date of revenue recognition as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 3 months	148,526	161,818	257,725
Between 3 and 6 months	30,605	30,594	86,318
Between 6 months and 1 year	6,543	39,246	4,601
Between 1 and 2 years	1,927	4,006	755
Over 2 years	–	607	1,520
Total	**187,601**	**236,271**	**350,919**

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivable turnover days[(1)]	38.8	32.1	32.9

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade receivables turnover days decreased from 38.8 days in 2023 to 32.1 days in 2024, primarily due to the expansion of our sales on e-commerce platforms that required immediate payment from customers. Our trade receivables turnover days remained relatively stable at 32.1 days in 2024 and 32.9 days in 2025.

As of March 31, 2026, RMB221.7 million, or 63.2%, of our trade receivables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) prepayment to suppliers mainly in connection with our prepaid construction equipment, (ii) prepaid [**REDACTED**], (iii) input VAT to be deducted mainly in connection with our procurement of raw materials, (iv) VAT refund receivable, (v) prepaid income tax, (vi) right-of-return assets arising from return of our products, (vii) platform deposits mainly representing our sales proceeds to be received from third-party e-commerce platforms, (viii) deposits mainly representing our lease deposits and (ix) others. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayment to suppliers	15,544	16,300	22,012
Prepaid [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]
Input VAT to be deducted	26,891	50,893	44,829
VAT refund receivable	1,071	102	836
Prepaid income tax	1,548	11,378	7,835
Right-of-return assets	11,305	7,030	10,640
Others	57	3,805	7,727
Total prepayments and other assets	56,416	89,508	99,680
Platform deposits	33,638	35,703	50,453
Deposits	6,103	5,666	5,830
Others	1,153	1,533	2,128
Less: loss allowance	(111)	(252)	(312)
Total other receivables	40,783	42,650	58,099
Less: non-current prepayments, other receivables and other assets	(7,385)	(6,805)	(18,896)
Total	**89,814**	**125,353**	**138,883**

Our prepayments, other receivables and other assets increased from RMB89.8 million as of December 31, 2023 to RMB125.4 million as of December 31, 2024. The increase was primarily due to an increase in input VAT to be deducted from RMB26.9 million as of December 31, 2023 to RMB50.9 million as of December 31, 2024, primarily due to our increased procurement of raw materials.

Our prepayments, other receivables and other assets increased from RMB125.4 million as of December 31, 2024 to RMB138.9 million as of December 31, 2025, primarily due to the increase in platform deposits of RMB14.8 million, mainly attributable to our increased sales on e-commerce platforms.

As of March 31, 2026, RMB119.3 million, or 75.6%, of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Term Deposits

Our term deposits represent our (i) transferable certificates of deposits. The following table sets forth our term deposits as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Transferable certificates of deposits	120,046	21,760	–
Less: Non-current portion	(21,087)	–	–
Total	**98,959**	**21,760**	**–**

Our term deposits decreased from RMB99.0 million as of December 31, 2023 to RMB21.8 million as of December 31, 2024, and further decreased to nil as of December 31, 2025, primarily due to the redemption of large-denomination certificates of deposit upon maturity.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss represent our investment in wealth management products at banks.

Our financial assets at fair value through profit or loss decreased from RMB51.2 million as of December 31, 2023 to RMB11.4 million as of December 31, 2024, primarily due to our redemption of wealth management products at banks to support our daily operation. Our financial assets at fair value through profit or loss increased from RMB11.4 million as of December 31, 2024 to RMB126.2 million as of December 31, 2025, primarily because we purchased more wealth management products at banks due to the increased deposit interest rates of U.S. dollars.

Under our investment policy on the purchase of such financial assets, we employ a comprehensive set of internal policies and guidelines to manage our investments in order to monitor the investment risks associated with our portfolio of financial assets. According to our internal capital management policy, payments for investment operations shall be processed following the relevant approval authority including the head of group treasury, the general manager and our major shareholders. Additionally, under our investment policy, we monitor the levels of idle cash and bank balances and use idle cash to increase our returns based on our working capital requirements at the relevant time. We also periodically evaluate the fair value of our financial assets. Our Board and senior management collectively possess extensive industry experience and financial management expertise, which enable them to effectively oversee these investments. See "Directors and Senior Management" for details. In addition, these investments will be subject to compliance with the applicable requirements under Chapter 14 of the Listing Rules upon the [**REDACTED**].

Restricted Cash

Our restricted cash mainly represents the deposits we made at banks for the issuance of bankers' acceptances and financial derivatives.

Our restricted cash decreased from RMB29.0 million as of December 31, 2023 to RMB17.3 million as of December 31, 2024, primarily due to the decrease in deposits for bank acceptance bills as a result of (i) the lower deposit rates required from our cooperated banks and (ii) the pledge of our certificates of deposit, waiving the deposits requirement. Our restricted cash increased from RMB17.3 million as of December 31, 2024 to RMB55.1 million as of December 31, 2025, primarily due to the increase in deposits pledged for the issuance of bank acceptance bills to suppliers, which is generally in line with the growth in our procurement activities.

Trade and Notes Payables

Our trade and notes payables mainly represent balances due to our suppliers for raw materials. The following table sets forth a breakdown of our trade and notes payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	359,120	397,361	441,274
Notes payables	132,668	176,487	308,244
Total	**491,788**	**573,848**	**749,518**

Our trade and notes payables increased from RMB491.8 million as of December 31, 2023 to RMB573.8 million as of December 31, 2024, primarily in line with our business expansion. Our trade and notes payables increased from RMB573.8 million as of December 31, 2024 to RMB749.5 million as of December 31, 2025, primarily due to an increase in notes payables of RMB131.8 million, mainly attributable to the increased purchases from our suppliers driven by our increased sales.

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within to 3 months	324,725	387,273	416,325
3 to 6 months	22,059	3,577	8,473
6 months to 1 year	2,487	1,113	9,414
Over 1 year	9,849	5,398	7,062
Total	**359,120**	**397,361**	**441,274**

The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days[1]	86.9	87.3	71.1

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by our cost of sales for the relevant year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade payables turnover days remained stable at 86.9 days and 87.3 days in 2023 and 2024, respectively. Our trade payables turnover days decreased from 87.3 days in 2024 to 71.1 days in 2025, primarily due to (i) the continuous growth of our overseas sales in 2025, which led to earlier inventory stockpiling in the third quarter, with the corresponding payables gradually settled in the fourth quarter, and (ii) our increased use of bank acceptance bills for settlement with suppliers, which shortened the overall settlement cycle.

As of March 31, 2026, RMB425.6 million, or 96.4%, of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) accrued payroll and welfare in connection with the salaries and benefits payable to our employees, (ii) other taxes payables mainly representing VAT and surcharges, and overseas sales tax, (iii) accrued expenses mainly representing monthly expenses such as logistics fees accrued at the end of each month, (iv) provisions for warranties, (v) deposits payables representing the deposits provided by certain distributors, to ensure their compliance with our management policy, (vi) refund liabilities representing the estimated product return amount based on expected return rate, (vii) payable related to [**REDACTED**], and (viii) others. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Accrued payroll and welfare	35,679	46,126	40,771
Other taxes payables	26,008	26,802	35,839
Accrued expenses	16,494	23,432	34,255
Provisions	15,494	19,473	31,657
Deposits payables	1,124	1,170	1,482

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Refund liabilities	16,728	12,801	20,697
Payable related to [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]
Others	2,506	284	2,813
Total	**114,033**	**130,088**	**169,311**

Our other payables and accruals increased from RMB114.0 million as of December 31, 2023 to RMB130.1 million as of December 31, 2024, primarily due to an increase on accrued payroll and welfare from RMB35.7 million as of December 31, 2023 to RMB46.1 million as of December 31, 2024, primarily attributable to the increases in the number of our employees and their salaries.

Our other payables and accruals increased from RMB130.1 million as of December 31, 2024 to RMB169.3 million as of December 31, 2025, primarily due to the increase in provisions of RMB12.2 million, mainly attributable to higher warranty provisions in line with the growth in our sales volume.

As of March 31, 2026, RMB159.9 million, or 94.4%, of our other payables and accruals as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities mainly represent (i) the prepayments from our distributors and (ii) the payments from our customers of our online stores where we collect payment before shipping products.

Our contract liabilities increased from RMB37.2 million as of December 31, 2023 to RMB76.3 million as of December 31, 2024, primarily attributable to the presale of our new product series in the second half of 2024, along with continued growth in sales volumes to distributors and online customers. Our contract liabilities then decreased to RMB52.8 million as of December 31, 2025, primarily because prepayments from customers decreased resulting from lower pre-sales at our DTC stores.

As of March 31, 2026, RMB40.9 million, or 77.4%, of our contract liabilities as of December 31, 2025, had been subsequently recognized as revenue.

Non-current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Assets			
Property, plant and equipment	688,483	822,605	810,377
Right-of-use assets	77,877	69,744	118,614
Intangible assets	5,486	5,668	5,801
Prepayments, other receivables and other assets	7,385	6,805	18,896
Deferred income tax assets	39,527	47,046	78,697
Term deposits	21,087	–	–
Total non-current assets	**839,845**	**951,868**	**1,032,385**
Non-current liabilities			
Borrowings	182,860	244,029	245,721
Lease liabilities	9,411	2,985	49,043
Deferred income	893	4,948	7,782
Total non-current liabilities	**193,164**	**251,962**	**302,546**

Property, Plant and Equipment

Our property, plant and equipment consists of (i) construction in progress, (ii) buildings, (iii) machinery and equipment, (iv) office equipment and others, (v) motor vehicles and (vi) leasehold improvements. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	651,831	795,459	765,630
Construction in progress	14,530	–	–
Office equipment and others	9,984	12,680	21,205
Machinery and equipment	7,540	11,510	16,579
Motor vehicles	2,234	1,592	1,404
Leasehold improvements	2,364	1,364	5,559
Total	**688,483**	**822,605**	**810,377**

Our property, plant and equipment increased from RMB688.5 million as of December 31, 2023 to RMB822.6 million as of December 31, 2024, mainly due to the increase in our buildings from RMB651.8 million as of December 31, 2023 to RMB795.5 million as of December 31, 2024, primarily attributable to the completion of the construction work in our Huizhou production base.

Our property, plant and equipment remained relatively stable at RMB822.6 million as of December 31, 2024 and RMB810.4 million as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets consist of buildings mainly representing our leased offices and land use rights in connection with our office premises and production facilities in Shenzhen. The following table sets forth our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	19,567	12,664	62,763
Land use rights	58,310	57,080	55,851
Total	**77,877**	**69,744**	**118,614**

Our right-of-use assets decreased from RMB77.9 million as of December 31, 2023 to RMB69.7 million as of December 31, 2024, primarily due to the decrease in buildings from RMB19.6 million as of December 31, 2023 to RMB12.7 million as of December 31, 2024, mainly due to (i) the expiration of leases for certain production facilities in Shenzhen and (ii) rental payments.

Our right-of-use assets increased from RMB69.7 million as of December 31, 2024 to RMB118.6 million as of December 31, 2025, primarily due to the increase in buildings from RMB12.7 million as of December 31, 2024 to RMB62.8 million as of December 31, 2025, mainly in relation to our renewal of the remaining lease for our office in Shenzhen.

Deferred Income Tax Assets

As of December 31, 2023, 2024 and 2025, our deferred income tax assets amounted to RMB39.5 million, RMB47.0 million and RMB78.7 million, respectively. The upward trend in our deferred income tax assets during the Track Record Period was primarily attributable to the tax losses arising from additional tax deductions for research and development expenses.

Intangible Assets

Our intangible assets consist of (i) software, (ii) patents, and (iii) trademark rights. As of December 31, 2023, 2024 and 2025, our intangible assets remained relatively stable at RMB5.5 million, RMB5.7 million and RMB5.8 million, respectively.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Current				
Borrowings	95,206	116,100	230,228	216,223
Lease liabilities	14,220	11,555	15,963	16,021
Non-current				
Borrowings	182,860	244,029	245,721	245,721
Lease liabilities	9,411	2,985	49,043	44,619
Total	**301,697**	**374,669**	**540,955**	**522,584**

Borrowings

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our borrowings, including current and non-current portion, amounted to RMB278.1 million, RMB360.1 million, RMB475.9 million and RMB461.9 million, respectively, mainly representing loans from PRC commercial banks, which was primarily used to fund our business operations. The increases in our borrowings during the Track Record Period were mainly attributable to (i) our construction of the production bases in Wuhan and Huizhou and (ii) the growing need for working capital driven by several considerations. Firstly, our heightened investment in new product development aimed at expanding our product categories has led to increased R&D expenses. Secondly, our expansion into overseas markets, particularly through the launch of additional online stores, has required us to maintain higher inventory levels at our overseas warehouses, resulting in longer inventory turnover days and tied-up capital, especially when factoring in transportation time and the logistics involved in managing international shipments.

The following table sets forth the contractual maturity date analysis of our borrowings as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
On demand or less than 1 year	106,503	128,842	266,531
Between 1 and 2 years	43,394	66,125	42,701
Between 2 and 5 years	119,852	182,989	119,412
Over 5 years	45,408	21,951	86,640
Total	**315,157**	**399,907**	**515,284**
Carrying amount	**278,066**	**360,129**	**475,949**

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

As of March 31, 2026, our committed unutilized banking facilities amounted to RMB285.9 million.

Lease Liabilities

Our lease liabilities were mainly in relation to the leased production factories and offices during the Track Record Period. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our lease liabilities, including current and non-current portion, amounted to RMB23.6 million, RMB14.5 million, RMB65.0 million and RMB60.6 million, respectively. The decrease in our lease liabilities from RMB23.6 million as of December 31, 2023 to RMB14.5 million as of December 31, 2024 was primarily attributable to our payment for rental expenses. The increase in our lease liabilities from RMB14.5 million as of December 31, 2024 to RMB65.0 million as of December 31, 2025 was primarily due to our renewal of the remaining lease of our office in Shenzhen.

The following table sets forth the maturity profile of our lease liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
On demand or less than 1 year	15,041	11,922	17,612
Between 1 and 2 years	9,579	1,998	18,183
Between 2 and 5 years	–	1,101	33,099
Over 5 years	–	–	–
Total	**24,620**	**15,021**	**68,894**
Carrying amount	**23,631**	**14,540**	**65,006**

Contingent Liabilities or Guarantees

Saved as disclosed in Note 37 to the Accountant's Report included in Appendix I, during the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

No Other Outstanding Indebtedness

Except as disclosed above, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, redemption liabilities, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the date of this Document, there has been no material change in our indebtedness since March 31, 2026.

CAPITAL EXPENDITURE

Our capital expenditures consisted of (i) purchases of property, plant and equipment and (ii) purchases of intangible assets. Our capital expenditures in 2023, 2024 and 2025 were RMB131.8 million, RMB170.3 million and RMB32.9 million, respectively.

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities, equity and debt financing. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and [**REDACTED**] from the [**REDACTED**].

See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for more details about our planned capital expenditure. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB176.0 million, RMB2.8 million and RMB3.1 million, respectively, primarily in connection with capital expenditure contracted for but not yet provided for purchase of property, plant and equipment mainly in relation to the construction of our production bases in Wuhan and Huizhou.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of the dates or for the periods indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin	31.8	30.9	31.2
Current ratio(1)	1.4	1.4	1.3
Gearing ratio(2)	1.0	1.1	1.4

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Gearing ratio is calculated based on total liabilities divided by total equity.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 36 to the Accountant's Report included in Appendix I. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance. See Note 3 to "Appendix I — Accountant's Report" for more details about our financial risk management.

PROPERTY INTEREST AND PROPERTY VALUATION

AsiaPacific Consulting, an independent property valuer, has valued our selective property interests as of January 31, 2026. Particulars of these property interests are set out in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our selective property as of December 31, 2025 in the Accountant's Report set out in Appendix I to this document and the market value of our selective property as of January 31, 2026 in the Property Valuation Report set out in Appendix III to this document.

	(RMB in thousands)
Net book value of our selective property as of December 31, 2025	577,702
Depreciation for the one month ended January 31, 2026	1,725
Net book value as of January 31, 2026	575,977
Valuation surplus as of January 31, 2026	16,509
Valuation as of January 31, 2026 as set out in Appendix III to this document	592,486

DIVIDENDS

In 2021, our Company declared cash dividends of RMB195.0 million. In 2021, 2022 and 2023, our Company paid cash dividends of RMB88.0 million, RMB36.0 million and RMB71.0 million, respectively, to our Shareholders, which fully settled the dividends we declared to distribute in 2021. On May 23, 2025, we declared a dividend of RMB81.4 million to certain Shareholders, which has been fully settled in July 2025.

Pursuant to the shareholders' meeting resolution dated May 23, 2025, we issued (i) a total of approximately RMB81,357,000 as cash dividend ("**Cash Dividend**"); and (ii) 29,546,551 shares, representing approximately 7.51% of our total issued and enlarged share capital, to the Series A Investors only ("**Capitalization Issue**"), on a pro rata basis.

The consideration for the Capitalization Issue was settled through our capital reserve. We fully settled the distribution of Cash Dividend on July 31, 2025, and the Capitalization Issue was completed on July 25, 2025. Upon the completion of such capitalization, our registered capital increased from RMB363,866,000 to RMB393,412,551.

However, we do not have any fixed dividend policy nor pre-determined dividend payout ratio. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be proposed at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisor, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had RMB74.5 million of retained earnings available for distribution to our shareholders.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountant for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**] million, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**] million, professional fees for our legal advisors and Reporting Accountant of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million. An estimated amount of HK$[**REDACTED**] million for our [**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We did not recognize any [**REDACTED**] in 2023. We recognized [**REDACTED**] of RMB[**REDACTED**] thousand and RMB[**REDACTED**] million in 2024 and 2025, respectively, in our consolidated income statements and other comprehensive income.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information" for more details.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this Document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

OVERVIEW

Pursuant to the Acting-in-Concert Arrangement, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang agreed and confirmed that, among other things, they, together with their controlled entities, had been acting in concert since the time when each of them held interests in our Company (i.e., January 2015), and will continue to act in concert, to vote at the general meetings of our Company and meetings of our Board. For details, see the section headed "History, Development and Corporate Structure — Acting-in-Concert Arrangement" for further details.

As of the Latest Practicable Date, by virtue of the Acting-in-Concert Arrangement, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, together with the entities controlled by themselves respectively, namely, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng, collectively, are interested in and control 322,500,000 Shares, representing approximately 82.0% of our total issued Shares and voting rights in our Company.

Immediately after the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, by virtue of the Acting-in-Concert Arrangement, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, together with the entities controlled by themselves respectively, namely, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng, will together be interested in and control [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued Shares and voting rights in our Company. Therefore, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng will constitute a group of Controlling Shareholders upon the [**REDACTED**].

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would otherwise require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will comprise nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.

Our management and operational decisions are made by our Board of Directors and senior management collectively, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise. Other than the shareholding platforms controlled by our Founders, none of our Directors nor members of the senior management of our Company holds any directorships and/or other senior management roles in any companies owned or controlled by members of our Controlling Shareholders and their respective close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors and Senior Management";

(iii) we have appointed three independent non-executive Directors, comprising one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole;

(iv) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules; and

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

Our Group operates independently from members of our Controlling Shareholders and their respective close associates. Our Group has a full-time management team and team of staff to carry out its operation and administration independently from our Controlling Shareholders. We have established a complete organizational structure, comprising various separate departments, each charged with specific responsibilities. The support functions comprising accounting, administration, product development, compliance and human resource management will also continue to be handled by a team of staff employed directly by us and are separated from our Controlling Shareholders. We have also established a set of internal control procedures and adopted corporate governance measures to facilitate the independent and effective operation of our business. For details, please refer to "— Corporate Governance Measures" in this section. Based on the above, our Directors are satisfied that our Group is able to operate independently from members of our Controlling Shareholders and their respective close associates.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third-party financing, and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance. In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) Where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;

(ii) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules, which will become effective upon [**REDACTED**]. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any related party transaction, nor shall such Director be counted in the quorum present at our Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole;

(v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(vi) we have appointed Somerley Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflicts of interest, and to protect minority Shareholders' interests after the [**REDACTED**].

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB393,412,551, comprising 393,412,551 [**REDACTED**] Shares of nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
H Shares to be converted from [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

Immediately following completion of the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
H Shares to be converted from [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

OUR SHARES

The H Shares in issue upon completion of the [**REDACTED**] and the [**REDACTED**] Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Our H Shares may only be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars. Our [**REDACTED**] Shares, on the other hand, may only be [**REDACTED**] for and [**REDACTED**] in Renminbi. Apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing Shareholders the [**REDACTED**] Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural persons of the PRC. Our [**REDACTED**] Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional [**REDACTED**] and qualified foreign strategic [**REDACTED**].

[**REDACTED**] Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for [**REDACTED**] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF [REDACTED] SHARES INTO H SHARES

If any of the [**REDACTED**] Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Hong Kong Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

Registration with the CSRC and Full Circulation Application

In accordance with the Trial Measures and related guidelines, H-share [**REDACTED**] companies which apply for the conversion of [**REDACTED**] shares into H shares for [**REDACTED**] and circulation on the Hong Kong Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An [**REDACTED**] joint stock company may apply for "full circulation" when applying for an overseas [**REDACTED**].

We have filed with the CSRC for, and the CSRC has registered the conversion of [**REDACTED**] Shares into H Shares on a one-for-one basis upon the completion of the [**REDACTED**]. The filing and registration procedures in relation to the Conversion of the Domestic [**REDACTED**] Shares have been completed on February 12, 2026 accordingly, and the [**REDACTED**] and [**REDACTED**] of the H shares converted on the Hong Kong Stock Exchange is still subject to the approval by the Hong Kong Stock Exchange.

[**REDACTED**] Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], (i) our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]) and (ii) the H Shares to be converted from our existing [**REDACTED**] Shares. We will perform the following procedures for the conversion of the relevant [**REDACTED**] Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding relevant share certificates of the converted H Shares and (2) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any [**REDACTED**] of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and [**REDACTED**] on the relevant stock exchange. As such, the H Shares to be [**REDACTED**] by our Company (including the H Shares to be converted from our existing [**REDACTED**] Shares) prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

GENERAL MEETINGS

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of Shareholders, among others, increase its capital or decrease its capital or repurchase of shares. For details of circumstance under which our general meetings are required, see "Summary of Articles of Association — Shareholders' General Meetings" in Appendix VI to this document.

SHARE SCHEMES

We adopted our employee incentive plan on December 15, 2020, which was amended on June 26, 2023 and June 30, 2025, respectively. For details of the Employee Incentive Plan, see "History, Development and Corporate Structure — ESOP Platforms and Employee Incentive Plan" and "Statutory and General Information — D. Employee Incentive Plan" in Appendix VII to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the [**REDACTED**] voting Shares of our Company:

				Shareholding as of the Latest Practicable Date(2)		Shareholding upon completion of the [REDACTED](2)	
Name of Shareholder	Nature of interest(1)	Description of Shares	Number and class of Shares or underlying Shares held	in relevant class of Shares	in total issued share capital	in relevant class of Shares	in total issued share capital
Mr. Chen	Beneficial owner Interest in controlled corporation(4) Interest held jointly with another person(3)(4)	H Shares	322,500,000	82.0%	82.0%	[REDACTED]%	[REDACTED]%
Creality Chuangwei	Beneficial owner	H Shares	25,800,000	6.6%	6.6%	[REDACTED]%	[REDACTED]%
Mr. Ao	Beneficial owner Interest in controlled corporation(5) Interest held jointly with another person(3)	H Shares	322,500,000	82.0%	82.0%	[REDACTED]%	[REDACTED]%
Longge'er Investment	Beneficial owner	H Shares	25,800,000	6.6%	6.6%	[REDACTED]%	[REDACTED]%
Mr. Liu	Beneficial owner Interest in controlled corporation(6) Interest held jointly with another person(3)	H Shares	322,500,000	82.0%	82.0%	[REDACTED]%	[REDACTED]%
Creality Industrial	Beneficial owner	H Shares	25,800,000	6.6%	6.6%	[REDACTED]%	[REDACTED]%
Mr. Tang	Beneficial owner Interest in controlled corporation(7) Interest held jointly with another person(3)	H Shares	322,500,000	82.0%	82.0%	[REDACTED]%	[REDACTED]%
Creality Chuangtou	Beneficial owner	H Shares	25,800,000	6.6%	6.6%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) On January 8, 2024, Mr. Chen, Mr. Ao, Mr. Liu and Mr. Tang entered into the Acting-in-Concert Arrangement, details of which are set out in the section headed "History, Development and Corporate Structure — Acting-in-Concert Arrangement" of this document. As such, each member of our Controlling Shareholders is deemed to be interested in the Shares held by other members for purpose of Part XV of the SFO.

(4) Creality Chuangwei was held by Mr. Chen and his spouse, as to 99% and 1%, respectively. Creality Huida was held as to 6.51% by Mr. Chen as its general partner. Under the SFO, Mr. Chen is deemed to be interested in the Shares held by Creality Chuangwei and Creality Huida. Pursuant to the Acting-in-Concert Arrangement, Mr. Chen is deemed to be interested in the interests held by Mr. Ao, Mr. Liu and Mr. Tang and their respective controlled entities, namely, Longge'er Investment, Creality Industrial, Creality Chuangtou and Creality Changsheng. As such, shares in which Mr. Chen is interested consist of (i) 25,800,000 Shares held by Creality Chuangwei and 6,450,000 Shares held by Creality Huida, in which Mr. Chen is deemed to be interested under the SFO; and (ii) an aggregate of 238,650,000 Shares in which Mr. Chen is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

(5) Longge'er Investment was held by Mr. Ao and his spouse, as to 99% and 1%, respectively. Under the SFO, Mr. Ao is deemed to be interested in the Shares held by Longge'er Investment. Pursuant to the Acting-in-Concert Arrangement, Mr. Ao is deemed to be interested in the interests held by Mr. Chen, Mr. Liu and Mr. Tang and their respective controlled entities, namely, Creality Chuangwei, Creality Huida, Creality Industrial, Creality Chuangtou and Creality Changsheng. As such, shares in which Mr. Ao is interested consist of (i) 25,800,000 Shares held by Longger'er Investment, in which Mr. Ao is deemed to be interested under the SFO; and (ii) an aggregate of 245,100,000 Shares in which Mr. Ao is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

(6) Creality Industrial was held by Mr. Liu and his spouse, as to 99% and 1%, respectively. Pursuant to the Acting-in-Concert Arrangement, Mr. Liu is deemed to be interested in the interests held by Mr. Chen, Mr. Ao and Mr. Tang and their respective controlled entities, namely, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Chuangtou and Creality Changsheng. As such, shares in which Mr. Liu is interested consist of (i) 25,800,000 Shares held by Creality Industrial, in which Mr. Liu is deemed to be interested under the SFO; and (ii) an aggregate of 245,100,000 Shares in which Mr. Liu is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

(7) Creality Chuangtou was held by Mr. Tang and his spouse, as to 99% and 1%, respectively. Mr. Tang was the general partner of Creality Changsheng. Under the SFO, Mr. Tang is deemed to be interested in the Shares held by Creality Chuangtou and Creality Changsheng. Pursuant to the Acting-in-Concert Arrangement, Mr. Tang is deemed to be interested in the interests held by Mr. Chen, Mr. Ao and Mr. Liu and their respective controlled entities, namely, Creality Chuangwei, Creality Huida, Longge'er Investment, and Creality Industrial. As such, shares in which Mr. Tang is interested consist of (i) 25,800,000 Shares held by Creality Chuangtou and 6,450,000 Shares held by Creality Changsheng, in which Mr. Tang is deemed to be interested under the SFO; and (ii) an aggregate of 238,650,000 Shares in which Mr. Tang is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

For details of shareholders who will be, directly or indirectly, interested in 10% or more of the [**REDACTED**] voting shares of other members of our Group, see "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VII to this document.

OVERVIEW

Upon the [**REDACTED**], our Board will comprise nine Directors, including five executive Directors, one non-executive Director, and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. CHEN Chun (陳春)	37	Executive Director, chairman of the Board and general manager	January 2015	June 2021	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. AO Danjun (敖丹軍)	36	Executive Director and vice chairman of the Board	April 2014	June 2021	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. LIU Huilin (劉輝林)	36	Executive Director and vice chairman of the Board	April 2014	June 2021	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. TANG Jingke (唐京科)	36	Executive Director, vice chairman of the Board and vice general manager	January 2015	June 2021	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. FANG Zongdi (方宗棣)	41	Executive Director	August 2020	June 2023	Overseeing the product development and technology advancement of our Group
Mr. HUANG Hongman (黃宏滿)	52	Non-executive Director	June 2023	June 2023	Providing advice on the overall operation and management of our Group
Ms. GAO Li (高麗)	50	Independent non-executive Director	July 2025	July 2025	Providing independent advice on the operations and management of our Group
Ms. WANG Yating (王雅婷)	35	Independent non-executive Director	December 2023	December 2023	Providing independent advice on the operations and management of our Group
Mr. LIANG Huaquan (梁華權)	44	Independent non-executive Director	December 2023	December 2023	Providing independent advice on the operations and management of our Group

DIRECTORS

Executive Directors

Mr. CHEN Chun (陳春), aged 37, is our co-founder, executive Director, chairman of the Board and general manager. He has been our Director, our chairman of the Board since June 2021 and our general manager since July 2025. From March 2016 to June 2021, he served as our general manager. He is primarily responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Chen has over 15 years of extensive experience in corporate management and strategic planning. Prior to joining our Group, he was a sales engineer at Zhicheng Computer-Aided Design (Shenzhen) Co., Ltd. (智誠電腦輔助設計(深圳)有限公司) from October 2009 to July 2013. Mr. Chen currently serves as the vice president of the 5th Council of Federation of Shenzhen Industries (深圳工業總會第五屆理事會).

Mr. Chen graduated from Jiangxi University of Science and Technology (江西理工大學) in the PRC in December 2021. He was recognized as a Category C High-Level Talent under the "Longwu Huazhang" Program (深圳市龍華區高層次人才(龍舞華章計劃 C類)) by Human Resources Bureau of Longhua District, Shenzhen (深圳市龍華區人力資源局) in June 2021 and was awarded as Shenzhen Reserve-Level High-Level Talent (深圳市後備級高層次人才) by Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in October 2021.

Mr. AO Danjun (敖丹軍), aged 36, is our co-founder, executive Director and vice chairman of the Board. He has been our Director since June 2021 and vice chairman of the Board since July 2025. From April 2014 to July 2021, Mr. Ao served as our head of channel operations. From November 2023 to July 2025, he served as our general manager. Mr. Ao has also held various leadership positions at our operating entities, including but not limited to serving as (i) director and general manager at Creality Eco from November 2017 to September 2024, (ii) executive director and general manager at Huizhou Creality since December 2020, and (iii) director and general manager at Shenzhen Creality 3D E-Commerce Co., Ltd. (深圳市創想三維電子商務有限公司) since October 2024. He is primarily responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Ao has approximately 13 years of experience in corporate management and business management in technology companies. Prior to co-founding our Company, Mr. Ao served at Shenzhen Zhongwei High-Tech Co., Ltd. (深圳中為高科技有限公司) from October 2012 to October 2013.

Mr. Ao obtained an associate degree in computer application technology from Liaoning Technical University (遼寧工程技術大學) in the PRC in July 2012.

Mr. LIU Huilin (劉輝林), aged 36, is our co-founder, executive Director and vice chairman of the Board. He has been our executive Director since June 2021 and vice chairman of the Board since November 2023. From June 2021 to December 2023 and from April 2014 to March 2016, Mr. Liu was our general manager. Mr. Liu has also held various leadership positions at our operating entities, including but not limited to serving as (i) executive director at Piocreat 3D Shenzhen since March 2018 and general manager at Piocreat 3D Shenzhen since December 2020, (ii) executive director at Creality 3D (HK) Technology Limited since June 2019, (iii) executive director and general manager at Hubei Creality since July 2020, and (iv) chief executive officer at Creality 3D Technology (Europe) GmbH since February 2022. He is primarily responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Liu has over 14 years of extensive experience in engineering, product design and development, and technology management. Currently, Mr. Liu serves as a delegate of the PRC's 2nd National People's Congress of Longhua District, Shenzhen (深圳市龍華區第二屆人民代表大會代表) and a master's supervisor at Guangdong University of Technology (廣東工業大學).

Mr. Liu has deep industry expertise and has committed to advancing technological norms. Currently, he is a member of the Data and Design Working Group of the National Additive Manufacturing Standardization Technical Committee (全國增材製造標準化技術委員會資料和設計工作組). He has been actively involved in the formulation of national standards in the field of additive manufacturing, including participating in drafting "Additive manufacturing — Acrylonitrile-butadiene-styrene (ABS) filament for material extrusion" (《增材製造材料擠出成形用丙烯晴-丁二烯-苯乙烯(ABS)絲材》). Mr. Liu's achievements have been acknowledged within the industry. In October 2021, he was recognized as a Shenzhen Local Leading Talent (深圳市高層次專業人才) by Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) and was granted the "Shenzhen Youth Science and Technology Award" (深圳市青年科技獎) by the People's Government of Shenzhen (深圳市人民政府) in January 2022. In December 2020 and May 2023, he obtained "Science and Technology Progress Award" (科技進步獎) from the People's Government of Hubei Province (湖北省人民政府) and the People's Government of Guangdong Province (廣東省人民政府), respectively.

Mr. Liu obtained his bachelor's degree in mechanical design, manufacturing, and automation from Hubei University of Technology (湖北工業大學) in the PRC in June 2011 and his master's degree in agricultural engineering and information technology industries from Chengdu University of Information Technology (成都信息工程大學) in the PRC in June 2023.

Mr. TANG Jingke (唐京科), aged 36, is our co-founder, executive Director, vice chairman of the Board and vice general manager. He has been our Director since June 2021 and has been our executive Director since April 2022. Since November 2023, he has been our vice general manager since December 2023, he has been our vice chairman of the Board. From March 2016 to June 2021, he was our supervisor. Mr. Tang has also held various positions at our operating entities, including but not limited to serving as (i) a supervisor at Piocreat 3D Shenzhen since November 2015, (ii) a supervisor at Huizhou Creality since December 2020, (iii) a director at Guangzhou Creality 3D Software Co., Ltd. (廣州市創想三維軟件有限公司) since December 2024, and (iv) a general manager at Shenzhen Creality Xingjiang Technology Co., Ltd. (深圳市創想星匠科技有限公司) since May 2025. He is primarily responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Tang has over 18 years of experience in technology industry operations and team management. Prior to co-founding our Company, he served at Foxconn Technology Group Co., Ltd (富士康科技集團有限公司) as a design engineer from June 2007 to September 2013, primarily responsible for product design, development and optimization. Mr. Tang's achievements have been acknowledged within the industry. In December 2021, he was awarded the Gold Prize in the Product Category of the Second National Machinery Industrial Design and Innovation Competition (2021 Huachen Cup) (2021華辰杯第二屆全國機械工業設計創新大賽產品組金獎) by the China Machinery Industry Federation (中國機械工業聯合會) and China Machinery, Metallurgy and Building Materials Union (中國機械冶金建材工會). In October 2020, as a tutor, he was awarded the Second Prize in the university group at the Final Round of the "Chuangxiang Cup" 3D Printing Modeling Technology Competition, part of the 2020 National Industry Vocational Skills Competition — Second National Electronic Information Service Industry Vocational Skills Competition (2020年全國行業職業技能競賽—第二屆全國電子信息服務業職業技能競賽"創想杯"3D打印造型技術競賽決賽) by the China Electronics Chamber of Commerce (中國電子商會).

Mr. Tang obtained an associate degree in module design and manufacturing from Hunan Institute of Science and Technology (湖南理工學院) in the PRC (through long distance learning) in June 2013.

Mr. FANG Zongdi (方宗棣), aged 41, is our executive Director. He has been our executive Director since June 26, 2023. He joined our Group in August 2020 as a senior manager of our department of products and was reassigned to our technology center in April 2022. In August 2022, he was promoted to be our vice president of product in our technology center till December 2024. Since January 2025, Mr. Fang has served as vice president at Hubei Creality, spearheading the R&D for our FFF 3D printers. He is primarily responsible for overseeing the product development and technology advancement of our Group.

Mr. Fang has over 18 years of experience in telecommunication technology R&D and smart terminal manufacturing. Prior to joining our Group, he served successively as software engineer, product manager and software department manager at Coolpad Group Co., Ltd. (酷派集團有限公司) ("**Coolpad**") from July 2007 to September 2014, primarily responsible for the mobile application development and product management. From September 2014 to April 2018, Mr. Fang held various leadership roles for the overseas business of Coolpad, including head of overseas product development and vice president, primarily responsible for product development, marketing, and sales in international markets. From February 2019 to August 2020, he was a general manager of the hardware product center at Bestcare & Sumian Biotech Co., Ltd. (柏斯速眠科技(深圳)有限公司), a company engaging in brain science and digital mental health.

Mr. Fang obtained a bachelor's degree in computer science and technology from Huazhong University of Science and Technology (華中科技大學) in the PRC in July 2007.

Non-Executive Directors

Mr. HUANG Hongman (黃宏滿), aged 52, has been our Director since June 26, 2023 and was redesignated as non-executive Director on July 28, 2025. He is primarily responsible for providing advice on the overall operation and management of our Group.

Mr. Huang has approximately 30 years of profound experience in financial management, investment banking, and corporate strategy. From July 1995 to June 1999, he worked at China Construction Bank Corporation Hainan Branch (中國建設銀行股份有限公司海南分行). From July 1999 to June 2007, he served as a general manager at Science and Technology Development Exchange Center (深圳市科技開發交流中心) and its subordinate affiliates. From July 2007 to July 2011, he was a director and vice general manager at First Capital Securities Co., Ltd. (第一創業證券有限責任公司). From August 2011 to July 2013, he served as an executive director at Morgan Stanley Huaxin Securities Company Limited (摩根士丹利華鑫證券有限責任公司). From July 2013 to September 2015, he was a managing director at Lincoln International Investment Consulting (Beijing) Company Ltd. (林肯國際投資諮詢(北京)有限公司). From November 2014 to October 2015, he was an executive director at Shenzhen Baptist Capital Management Co., Ltd. (深圳市浸會資本管理有限公司). Since November 2015, he held several positions at Shenzhen Qianhai Zhongzhao Fund Management Co., Ltd (深圳市前海中釗資本管理有限公司), including general manager and executive director.

Mr. Huang obtained a bachelor's degree in law from Zhongnan University of Economics and Law (中南政法學院) in the PRC (through distance learning) in July 1999, a master's degree in business administration from Macau University of Science and Technology (澳門科技大學) in the PRC in October 2004, and a master's degree in project management from the University of Greenwich in the United Kingdom in June 2009. Mr. Huang also obtained the Shenzhen Venture Capital Professional Qualification Certificate from Shenzhen Venture Capital Association (深圳市創業投資同業公會) in August 2003 and the Securities Qualification Certificate from Securities Analysts Association of China (中國證券業協會) in November 2007.

Independent Non-Executive Directors

Ms. GAO Li (高麗), aged 50, has been our independent Director since July 28, 2025. She is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Gao has over 17 years of extensive experience in the investment banking, financial management and finance industry. From July 2007 to September 2016, she worked at Credit Suisse in its New York and Hong Kong offices, with her last position being a director in the APAC investment banking and capital markets department. From September 2016 to November 2019, she served as an executive director in the global investment banking department of J.P. Morgan Securities (Asia Pacific) Limited. From January 2020 to June 2021, she served as a vice president of Finance at Wal-Mart (China) Investment Co., Ltd. From June 2021 to January 2024, she served as a managing director in the investment banking department of Nomura International (Hong Kong) Limited. Since November 2025, she has served as a managing director of capital market at Evermo Limited.

Ms. Gao obtained her bachelor's degree in economics and master's degree in science from Nanjing University (南京大學) in the PRC in July 1997 and in June 1999, respectively. Ms. Gao obtained her master of science degree from North Carolina State University in the U.S. in May 2001, and master of business administration degree from Massachusetts Institute of Technology in the U.S. in June 2007.

Ms. WANG Yating (王雅婷), aged 35, has been our independent Director since December 8, 2023 and was redesignated as independent non-executive Director on July 28, 2025. She is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Wang has approximately 12 years of experience in legal practice specializing in securities law, mergers and acquisitions, and financial regulatory compliance. From December 2013 to August 2014, she worked at Jun He Law Offices, Shenzhen Office (北京市君合(深圳)律師事務所) as a legal assistant. From October 2014 to September 2015, she served as a legal assistant at Zhong Lun Law Firm, Shenzhen Office (北京市中倫(深圳)律師事務所). From September 2015 to October 2018, she worked as an investment manager at China Investment Securities Co., Ltd. (中國中投證券有限責任公司), which was acquired by China International Capital Corporation Limited (中國國際金融股份有限公司) in 2017. From October 2018 to June 2021, she was a financing manager at Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司). Since June 2021, she has been a partner at Guantao Law Firm, Shenzhen Office (北京觀韜(深圳)律師事務所), focusing on commercial transactions and dispute resolution in corporate compliance, corporate investment and financing, real estate and construction projects, and debt restructuring.

Ms. Wang obtained her bachelor's degree in law from Southwest University of Political Science and Law (西南政法大學) in the PRC in July 2012 and her master's degree in international trade and commercial law from Durham University in the PRC in January 2014. Ms. Wang obtained her PRC attorney practice certificate from the Ministry of Justice of the People's Republic of China in September 2012. In February 2025, she was recognized as Shenzhen Rising Star in Foreign-related Legal Services (深圳市涉外律師新鋭人才) by the Shenzhen Bar Association.

Mr. LIANG Huaquan (梁華權), aged 44, has been our independent Director since December 8, 2023 and was redesignated as independent non-executive Director on July 28, 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Liang has over 18 years of extensive experience in finance, auditing, and corporate governance. He has served at Beijing Guofeng (Shanghai) Law Firm (北京國楓(上海)律師事務所) since November 2025. He has also been an independent director at Zhejiang Hengye Electronics Co., Ltd. (浙江恒業電子股份有限公司) since December 2022 and at Shenzhen Coocaa Network Technology Co., Ltd (深圳市酷開網路科技股份有限公司) since December 2020. In August 2021, he founded Zenith Leadership Management Consulting (Shenzhen) Co., Ltd. (正領管理諮詢(深圳)有限公司) and has served as executive director and general manager since then. He has also served at Zenith Leadership Management Consulting (Shanghai) Co., Ltd. (正領北進管理諮詢(上海)有限公司) as manager, director and head of finance since February 2025. From August 2023 to December 2024, he was a partner at Shenzhen Xingong Enterprise Management Consulting Co., Ltd. (深圳信公企業管理諮詢有限公司). From November 2009 to June 2016, he was a regulatory officer at Shenzhen Stock Exchange (深圳證券交易所), primarily responsible for Small and Medium Enterprises Board. From July 2008 to October 2009, he was a senior financial officer at China National AERO-TECHNOLOGY Shenzhen Co., Ltd. (中國航空技術深圳有限公司), primarily responsible for financial management. From June 2007 to July 2008, he was a specialist for corporate management at Shenzhen EYANG Technology Development Co., Ltd. (深圳市宇陽科技發展有限公司).

Mr. Liang has enriched experience in corporate governance for public companies. He has held directorship roles in several listed companies and served in their audit committees, including serving as (i) a non-executive director and an audit committee member of Guangdong Transtek Medical Electronics Co., Ltd. (廣東樂心醫療電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300562), since May 2022; (ii) an independent director, an audit committee member, a nomination committee member and a remuneration committee member at Genbyte Technology Inc. (深圳市振邦智能科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 003028), since January 2023. From November 2022 to June 2024, he served as a director and a strategy committee member at Guangdong Weide Information Technology Co., Ltd. (廣東緯德資訊科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688171). He also served as an independent director in several listed companies including (i) YGSOFT Inc. (遠光軟件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002063), from February 2017 to February 2023; (ii) Changzhou Zhongying Science Technology Co., Ltd. (常州中英科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300936), from November 2016 to November 2022; (iii) Zhuhai Winbase International Chemical Tank Terminal Co., Ltd. (珠海恒基達鑫國際化工倉儲股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002492), from March 2017 to April 2023; and (iv) Appotronics Corporation Limited (深圳光峰科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688007), from December 2023 to September 2024.

Mr. Liang obtained his bachelor's degree in accounting from Lanzhou University (蘭州大學) in the PRC in June 2004 and his master's degree in corporate governance from Lanzhou University (蘭州大學) in the PRC in June 2007. Mr. Liang was recognized as a certified public accountant (CPA) by the Ministry of Finance of the PRC in January 2007. In June 2011, he became a registered tax agent certified by the Ministry of Human Resources and the State Administration of Taxation. He obtained his legal professional qualification issued from the Ministry of Justice of the PRC in March 2014.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. CHEN Chun (陳春), our executive Director, chairman of the Board and general manager, Mr. AO Danjun (敖丹軍), our executive Director and vice chairman of the

Board, Mr. TANG Jingke (唐京科), our executive Director, vice chairman of the Board and vice general manager, and Mr. FANG Zongdi (方宗棣), our executive Director, are also members of our senior management. For their biographies, see "— Directors — Executive Directors" in this section. The following table sets out information regarding the remaining member of senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. XIE Wujian (謝武建)	44	Vice general manager, finance director and secretary to the Board	September 2020	September 2020	Board affairs, corporate governance, capital and financial management, investor relations and securities affairs of our Group

Mr. XIE Wujian (謝武建), aged 44, has been our vice general manager, finance director, secretary to the Board and joint company secretary. He joined our Group in September 2020 as our finance director. He has served as our vice general manager and secretary to the Board since November 2023 and joint company secretary since July 2025. He is primarily responsible for Board affairs, corporate governance, capital and financial management, investor relations and securities affairs of our Group.

Mr. Xie has over 17 years of experience in financial management and investor relationships. Prior to joining our Group in September 2020, he served as a financial manager at Zhongxingxin Telecom Equipment Ltd. (中興新通訊有限公司) from October 2008 to June 2013. From December 2013 to August 2017, he served as a financial manager at Shenzhen Clou Electronics Technology Co., Ltd. (深圳市科陸電子科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002121), and as finance director at its subsidiary, Shanghai Dongzi Electric Co., Ltd. (上海東自電氣有限公司). From August 2017 to May 2018, he was a vice president of finance at Annil Co., Ltd. (深圳市安奈兒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002875). From May 2018 to September 2020, he was a vice president of finance at Shenzhen Sea Star Technology Co., Ltd. (深圳市實益達科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002137).

Mr. Xie obtained his master's degree in business administration from Lanzhou University (蘭州大學) in the PRC in June 2013 and his bachelor's degree in economics from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2004. Mr. Xie was recognized as a certified public accountant (CPA) by the Ministry of Finance of the PRC (中華人民共和國財政部) in March 2020.

JOINT COMPANY SECRETARIES

Mr. XIE Wujian (謝武建), the secretary of the Board, was appointed as one of our joint company secretaries on July 28, 2025 with effect from the [**REDACTED**]. For the biographical details of Mr. Xie, see "— Senior Management" in this section.

Ms. YEUNG Siu Wai Kitty (楊小慧), was appointed as one of our joint company secretaries of our Company on July 28, 2025.

Ms. Yeung is a senior manager of Company Secretarial Services of Tricor Services Limited (a member of Vistra Group). She has over 15 years of experience in the corporate secretarial field and she has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

Ms. Yeung holds a bachelor of social science (with honors) in administration and public management from the City University of Hong Kong in the HKSAR and a Master of Corporate Governance from The Open University of Hong Kong (presently known as Hong Kong Metropolitan University) in the HKSAR. She is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 28, 2025, (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules and (iii) does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Except as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to our Board. The Audit Committee comprises Mr. LIANG Huaquan (梁華權), Ms. WANG Yating (王雅婷) and Ms. GAO Li (高麗), with Mr. LIANG Huaquan (梁華權) as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. LIANG Huaquan (梁華權), Ms. WANG Yating (王雅婷) and Ms. GAO Li (高麗), with Ms. GAO Li (高麗) as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. LIANG Huaquan (梁華權), Ms. WANG Yating (王雅婷) and Ms. GAO Li (高麗), with Ms. WANG Yating (王雅婷) as the chairperson.

Corporate Governance

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of our Board. We recognize and embrace the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female and seven male Directors ranging from 35 to 52 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience in technology and legal practice. They obtained degrees in various majors including engineering cost estimation, mechanical design, manufacturing, and automation, agricultural engineering and information technology industries, technology for computer application, computer science and technology, law, business administration, project management, international trade and commercial law, and accounting. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on our Board and recommend them to our Board for adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2023, 2024 and 2025 were RMB4.64 million, RMB5.86 million and RMB5.90 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods. Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB6.10 million.

The five highest-paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 included three, one and nil Director(s), respectively. During the same periods, the aggregate amount of remuneration of the remaining two, four and five highest-paid non-director individuals (including fees, basic salaries, allowances and benefits in kind, share-based payments, contributions to pension schemes and discretionary bonuses) were RMB2.48 million, RMB5.45 million and RMB7.04 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest-paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, or the five highest-paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; (c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and (d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or [**REDACTED**] volume of our [**REDACTED**] securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming that the [**REDACTED**] are not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] Range stated in this Document), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million) from the [**REDACTED**], after deducting [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**].

In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for our investment in R&D to strengthen our technology capabilities, support long-term innovation and maintain our competitiveness in the global consumer 3D printing industry. In particular:

  (i) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our R&D team with a focus on recruiting talents worldwide with a strong academic background, who have made recognized and significant achievements in the fields of industrial automation hardware, AI image processing algorithms, AI machine vision software and hardware and system integration. We plan to recruit approximately 105 such personnel in 2026, approximately 175 personnel in 2027 and approximately 70 personnel in 2028. Those R&D personnel will dedicate to the following upcoming R&D activities:

    - **Enhancing printing performance**: We aim to develop motion control systems and nozzle modules that enable simultaneous improvements in printing speed and precision. Additionally, we will develop more robust mechanical structures, higher-precision motion systems, and AI recognition systems to enhance long-term equipment stability.

    - **Achieving Full-Color Printing**: We aim to develop multi-core collaborative printing technology and full-color UV jetting technology. The multi-core collaborative printing technology enables coordinated motion control from dual to six nozzles, enhancing the reliability of color switching and blending, while the full-color UV Jetting technology is to achieve color reproduction at the tens-of-millions-color level.

- **Popularizing Functional Engineering Materials**: We aim to develop high-performance nozzles and warm-end systems that support stable printing of high-performance engineering materials such as carbon fiber composites, PC, and ABS. Additionally, we will create an engineering materials database that develops and pre-installs print parameter profiles for various engineering materials, including TPU, PA, and PC, to facilitate easy access for our customers.

- **Automation upgrades**: We aim to develop (i) solutions for automatic leveling and first-layer calibration, aiming for reliable first-layer resin without manual intervention, (ii) integrated post-processing solutions to explore post-processing units such as automated support removal and surface polishing that integrate or synchronize with the printing platform, and (iii) automated consumables loading and switching systems that enable automatic detection, switching, and drying of multiple rolls of consumables through the development of an integrated consumables management system.

- **AI-Driven Software**: We aim to develop AI-powered intelligent slicing and generative software that serves as an AI slicing assistant which can automatically identify models, recommend optimal printing parameters, and generate support structures. Additionally, we plan to utilize cameras and sensors to enable real-time monitoring of the printing process, along with automatic alerts and compensation mechanisms, significantly improving first-print success rates.

- **Instant Drying System**: We aim to develop the equipment capable of instantly drying printing materials in real-time before printing. We are committed to enabling the new drying system to perform real-time drying in areas requiring paper feeding. By utilizing low-cost machinery such as gantry frames and integrating with non-drying multi-color systems, we seek to reduce drying costs while enhancing print quality.

(ii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to upgrade our R&D facilities, including the purchase and renovation of premises to accommodate specialized laboratories in Shenzhen. The upgraded facilities in Shenzhen will include dedicated labs for FFF, photopolymerization and laser engraving technologies, which will support our product prototyping, testing and iterative development. This investment is expected to enhance our R&D infrastructure and accelerate the development of next-generation products.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used in our overseas user operations, specifically, to build and operate our *Creality Cloud* and *Nexbie*. In particular:

  (i) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to establish platform operation center in Shenzhen and to strengthen our overall operational infrastructure. We intend to set up dedicated teams and upgrade office and IT systems to support localized platform operations, content curation and user management. This forms part of our strategic plan to build a robust operational backbone for the continued development of *Creality Cloud* and *Nexbie*. See "Business — Our Products and Services — 3D Printed Products and Services" for more details.

  The platform operation center in Shenzhen aims to enhance the ability of *Creality Cloud* and *Nexbie* to engage with international customers, improve service delivery, and effectively adapt to market dynamics.

  In particular, the operation center in Shenzhen benefits from a high concentration of engineers and technical talent, which is crucial for providing technical support and ensuring the platforms operate smoothly. Additionally, our company is headquartered in Shenzhen, allowing for seamless integration of operations.

  (ii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used exclusively for the marketing for *Creality Cloud* and *Nexbie* and promotional campaigns to expand our global user base and enhance traffic for *Creality Cloud* and *Nexbie*, including incentives for creators, collaborations with key opinion leaders (KOLs), advertisements in app stores and publishing public relations articles. We intend to enhance the visibility for *Creality Cloud* and *Nexbie*, attract new users and retain existing users across our global markets by organizing themed promotional campaigns, implementing creator incentive schemes, and cooperating with KOLs as well as other online and offline channels.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for global brand promotion and sales channel development. In particular:

  (i) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to further strengthen our brand marketing and promotion to enhance brand awareness globally. This funding is designated for product promotion rather than for *Creality Cloud* and *Nexbie*. It encompasses strategies aimed at increasing the overall visibility of the brand, including advertising on social media such as Google and Facebook, and collaborations with KOLs for product promotion. We intend to enhance our presence across both offline and online channels, including digital advertising, social media platforms and collaborations with KOLs, as well as expand our marketing teams. These efforts form a key part of our strategy to build a globally recognized brand and drive long-term user growth and customers' repeated purchases of our products.

(ii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand and upgrade our overseas warehouse network to increase storage capacity, improve delivery efficiency and support multi-tier fulfillment models. We plan to establish and enhance warehouses and logistics facilities in key countries and regions such as the U.S., Germany and Mexico.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to pursue strategic partnerships, investments or acquisitions which are complementary to our business and in line with our strategies. We mainly target (i) printer manufacturers focusing on selective laser melting metal and (ii) companies with key research and development teams specializing in inkjet printhead technology, which empowers full-color 3D printing devices. See "Business — Our Strategies — Driving Technological Advancement and Industrial Chain Integration Through Investments and Mergers & Acquisitions" for more details. When evaluating investment or acquisition opportunities, we will primarily focus on targets in Chinese Mainland that complement our product offerings.

  Specifically, our criteria for such investments and acquisitions will include the size and expertise of the technical team, their work experience, educational background, and proven success in their respective fields. We are looking for targets with a technical team comprising at least 20 to 30 members to ensure operational capacity. Additionally, core team members should have a minimum of five years of relevant industry experience and hold degrees from prestigious universities. Proven success in product development, including prototypes or technical concepts, will also be a critical factor. Furthermore, the target must demonstrate technological leadership, particularly in proprietary slicing software algorithms and material development processes. According to CIC, there are over 50 and over 100 potential targets which satisfy our criteria in China and overseas markets, respectively. As of the Latest Practicable Date, we had not identified any investment or acquisition target or enter into any definitive investment or acquisition agreement.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may [**REDACTED**] the [**REDACTED**] from the [**REDACTED**].

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

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The following is the text of a report set out on pages I-[1] to I-[2], received from the Company's reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] **[DRAFT]**

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CREALITY 3D TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shenzhen Creality 3D Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[75], which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, the Company statements of financial position as at December 31, 2023, 2024 and 2025, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[3] to I-[75] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by Shenzhen Creality 3D Technology Co., Ltd. in respect of the Track Record Period.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended December 31,		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	1,882,862	2,288,328	3,127,040
Cost of sales	*6*	(1,283,333)	(1,580,527)	(2,152,150)
Gross profit		599,529	707,801	974,890
Selling and marketing expenses	*6*	(301,555)	(383,007)	(570,062)
General and administrative expenses	*6*	(82,547)	(105,738)	(170,103)
Research and development expenses	*6*	(96,271)	(148,706)	(221,875)
Net impairment reversal/ (losses) on financial assets	*3.1.2*	292	(1,253)	(3,176)
Other income	*7*	52,174	24,383	31,122
Other gains/(losses), net	*8*	5,875	5,477	(238,781)
Operating profit/(loss)		177,497	98,957	(197,985)
Finance income	*10*	6,635	5,445	5,895
Finance costs	*10*	(49,273)	(15,172)	(14,147)
Finance costs, net		(42,638)	(9,727)	(8,252)
Profit/(loss) before income tax		134,859	89,230	(206,237)
Income tax (expenses)/credits	*11*	(6,353)	(570)	23,816
Profit/(loss) for the year		128,506	88,660	(182,421)
Attributable to:				
Owners of the Company		129,057	88,757	(182,561)
Non-controlling interests		(551)	(97)	140
		128,506	88,660	(182,421)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in RMB per share)				
Basic and diluted per share	*12*	0.35	0.24	(0.48)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year	128,506	88,660	(182,421)
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified to profit or loss, net of tax			
Currency translation differences of foreign operations	(463)	(88)	125
Total comprehensive income/(loss) for the year	128,043	88,572	(182,296)
Total comprehensive income/(loss) attributable to:			
Owners of the Company	128,594	88,669	(182,436)
Non-controlling interests	(551)	(97)	140
	128,043	88,572	(182,296)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	688,483	822,605	810,377
Right-of-use assets	*15*	77,877	69,744	118,614
Intangible assets	*16*	5,486	5,668	5,801
Prepayments, other receivables and other assets	*23*	7,385	6,805	18,896
Deferred income tax assets	*29*	39,527	47,046	78,697
Term deposits	*18*	21,087	–	–
Total non-current assets		839,845	951,868	1,032,385
Current assets				
Inventories	*21*	356,298	438,243	634,265
Trade receivables	*22*	177,365	225,298	338,303
Prepayments, other receivables and other assets	*23*	89,814	125,353	138,883
Term deposits	*18*	98,959	21,760	–
Financial assets at fair value through profit or loss	*19*	51,195	11,357	126,175
Derivative financial instruments	*20*	1,083	–	–
Restricted cash	*24*	29,033	17,284	55,103
Cash and cash equivalents	*24*	301,532	463,486	277,310
Total current assets		1,105,279	1,302,781	1,570,039
Total assets		1,945,124	2,254,649	2,602,424
EQUITY				
Share capital	*25*	363,866	363,866	393,413
Reserves	*26*	453,935	463,713	608,658
Retained earnings	*27*	169,822	257,042	74,481
Equity attributable to owners of the Company		987,623	1,084,621	1,076,552
Non-controlling interests		–	(97)	43
Total equity		987,623	1,084,524	1,076,595

		As at December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	*30*	182,860	244,029	245,721
Lease liabilities	*15*	9,411	2,985	49,043
Deferred income		893	4,948	7,782
Total non-current liabilities		193,164	251,962	302,546
Current liabilities				
Contract liabilities	*5*	37,240	76,318	52,844
Trade and notes payables	*31*	491,788	573,848	749,518
Other payables and accruals	*33*	114,033	130,088	169,311
Current income tax liabilities		11,093	5,726	4,204
Borrowings	*30*	95,206	116,100	230,228
Lease liabilities	*15*	14,220	11,555	15,963
Derivative financial instruments	*20*	757	4,528	1,215
Total current liabilities		764,337	918,163	1,223,283
Total liabilities		957,501	1,170,125	1,525,829
Total equity and liabilities		1,945,124	2,254,649	2,602,424

COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	10,114	5,958	10,146
Right-of-use assets	*15*	19,567	7,893	52,245
Intangible assets	*16*	5,368	4,749	2,629
Prepayments, other receivables and other assets	*23*	3,033	2,614	10,044
Deferred income tax assets	*29*	7,621	22,101	41,086
Investments in subsidiaries	*39*	397,261	416,260	437,806
Term deposits	*18*	21,087	–	–
Total non-current assets		464,051	459,575	553,956
Current assets				
Inventories	*21*	138,879	113,785	263,384
Trade receivables	*22*	507,182	504,614	735,771
Prepayments, other receivables and other assets	*23*	224,423	186,800	69,407
Term deposits	*18*	98,959	21,760	–
Financial assets at fair value through profit or loss	*19*	40,071	–	116,139
Derivative financial instruments	*20*	1,083	–	–
Restricted cash	*24*	22,485	13,031	54,932
Cash and cash equivalents	*24*	204,819	275,453	122,945
Total current assets		1,237,901	1,115,443	1,362,578
Total assets		1,701,952	1,575,018	1,916,534
EQUITY				
Share capital	*25*	363,866	363,866	393,413
Reserves	*26*	454,735	464,601	609,421
Retained earnings	*27*	227,308	241,144	10,729
Total equity		1,045,909	1,069,611	1,013,563

		As at December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Lease liabilities	*15*	9,411	–	43,106
Deferred income		893	519	865
Total non-current liabilities		10,304	519	43,971
Current liabilities				
Contract liabilities		26,102	24,057	19,486
Trade and notes payables	*31*	464,987	322,798	692,838
Other payables and accruals	*33*	72,646	83,786	74,736
Current income tax liabilities		6,977	–	–
Borrowings	*30*	60,050	60,053	60,040
Lease liabilities	*15*	14,220	9,666	10,685
Derivative financial instruments	*20*	757	4,528	1,215
Total current liabilities		645,739	504,888	859,000
Total liabilities		656,043	505,407	902,971
Total equity and liabilities		1,701,952	1,575,018	1,916,534

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Reserves	Retained earnings	Total		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023		84,620	(508,482)	611,091	59,380	246,609	6,296	252,905
Profit/(loss) for the year		–	–	–	129,057	129,057	(551)	128,506
Other comprehensive loss		–	–	(463)	–	(463)	–	(463)
Total comprehensive (loss)/income		–	–	(463)	129,057	128,594	(551)	128,043
Transactions with owners:								
Profit appropriation to statutory reserves		–	–	18,615	(18,615)	–	–	–
Transaction with non-controlling interests		–	–	–	–	–	(5,745)	(5,745)
Share-based compensation expenses	*28*	–	–	1,628	–	1,628	–	1,628
Derecognition of redemption liabilities	*32*	–	508,482	102,310	–	610,792	–	610,792
Capitalization of capital reserve	*25*	279,246	–	(279,246)	–	–	–	–
As at December 31, 2023		363,866	–	453,935	169,822	987,623	–	987,623

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Reserves	Retained earnings	Total		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024		363,866	–	453,935	169,822	987,623	–	987,623
Profit/(loss) for the year		–	–	–	88,757	88,757	(97)	88,660
Other comprehensive loss		–	–	(88)	–	(88)	–	(88)
Total comprehensive (loss)/income		–	–	(88)	88,757	88,669	(97)	88,572
Transactions with owners:								
Profit appropriation to statutory reserves		–	–	1,537	(1,537)	–	–	–
Share-based compensation expenses	*28*	–	–	8,329	–	8,329	–	8,329
As at December 31, 2024		363,866	–	463,713	257,042	1,084,621	(97)	1,084,524

		Attributable to owners of the Company						
	Note	**Share capital**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025		363,866	–	463,713	257,042	1,084,621	(97)	1,084,524
(Loss)/profit for the year		–	–	–	(182,561)	(182,561)	140	(182,421)
Other comprehensive income		–	–	125	–	125	–	125
Total comprehensive income/(loss)		–	–	125	(182,561)	(182,436)	140	(182,296)
Transactions with owners:								
Capitalization issue of new shares	*25*	29,547	–	(29,547)	–	–	–	–
Share-based compensation expenses	*28*	–	–	15,417	–	15,417	–	15,417
Issuance of shares to investors	*8(i)*	–	–	158,950	–	158,950	–	158,950
As at December 31, 2025		393,413	–	608,658	74,481	1,076,552	43	1,076,595

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from/(used in) operations	*34(a)*	186,261	190,727	(64,024)
Interest received		6,635	5,445	5,895
Income taxes paid		(31,773)	(23,261)	(5,848)
Net cash generated from/ (used in) operating activities		161,123	172,911	(63,977)
Cash flows from investing activities				
Purchases of property, plant and equipment		(144,392)	(207,432)	(29,541)
Proceeds from disposal of property, plant and equipment and other assets		662	5	–
Purchases of intangible assets		(680)	(2,249)	(2,898)
Purchases of term deposits		(41,756)	–	–
Proceeds from settlement of term deposits		34,876	99,390	22,010
Purchases of financial assets at fair value through profit or loss	*3.3.3*	(153,010)	(335,532)	(555,305)
Proceeds from settlement of financial assets at fair value through profit or loss	*3.3.3*	187,138	376,712	442,120
Increase in restricted cash		(10,000)	–	–
Proceeds from/(payments for) settlement of derivative financial instruments – net		2,303	6,050	(774)
Net cash used in investing activities		(124,859)	(63,056)	(124,388)

		Year ended December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Interest paid for borrowings	*34(c)*	(14,825)	(16,294)	(12,831)
Proceeds from borrowings	*34(c)*	273,435	250,000	683,660
Repayments of borrowings	*34(c)*	(215,000)	(168,031)	(567,639)
Principal elements of lease payments and related interest		(21,505)	(18,829)	(18,018)
Dividends paid	*13*	(71,000)	–	(81,357)
Distribution to the non-controlling shareholder upon liquidation of a subsidiary		(2,020)	–	–
Payment for [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]
Net cash (used in)/generated from financing activities		(50,915)	46,846	(1,540)
Net (decrease)/increase in cash and cash equivalents		(14,651)	156,701	(189,905)
Cash and cash equivalents at the beginning of the year		314,791	301,532	463,486
Effect of exchange rate changes on cash and cash equivalents		1,392	5,253	3,729
Cash and cash equivalents at the end of the year	*24*	301,532	463,486	277,310

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shenzhen Creality 3D Technology Co., Ltd. (the "Company") was incorporated on April 3, 2014 as a limited liability company under Company Law of the People's Republic of China (the "PRC") under the name of Shenzhen Bolingda Technology Limited (深圳市博領達科技有限公司). The address of the Company's registered office is Room 1808, Tower Jinxiuhongdu, Road Meilong, Court Xinniu, Block Minzhi, District Longhua, Shenzhen, PRC.

In June 2021, the Company was converted into a joint stock limited company and renamed as Shenzhen Creality 3D Technology Co., Ltd. (深圳市創想三維科技股份有限公司).

On June 24, 2021, the Company entered into a capital increase agreement with Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)), Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥)), Smart Internet Telecom Ark (Shenzhen) Venture Capital Fund Partnership Limited Partnership (智慧互聯電信方舟(深圳)創業投資基金合夥企業(有限合夥)), Wuhan Renzhe Buyou Equity Investment Partnership LP (武漢仁者不憂股權投資合夥企業(有限合夥)), Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), Shenzhen Nanshan Hongtu Equity Investment Fund Partnership Limited Partnership (深圳市南山紅土股權投資基金合夥企業(有限合夥)), Shenzhen Pingshan Kaisheng Integrated Circuit Venture Investment Partnership (Limited Partnership) (深圳坪山凱晟集成電路創業投資合夥企業(有限合夥)), formerly known as Shenzhen Zhonghang Pingshan Integrated Circuit Venture Investment Partnership Limited Partnership (深圳中航坪山集成電路創業投資合夥企業(有限合夥)) and Shenzhen Guoxin South No. 4 Investment Partnership Enterprise Limited Partnership (深圳國新南方四號投資合夥企業(有限合夥)) (together, the "Series A Investors"), pursuant to which the Series A Investors subscribed for 6,620,000 Shares at a total consideration of RMB508,482,000 (the "Series A Financing").

The Company issued 29,546,551 shares to the Series A Investors on July 25, 2025, and the registered capital increased from RMB363,866,000 to RMB393,412,551, details refer to Note 8 (i).

On January 8, 2024, Mr. Chen Chun, Mr. Ao Danjun, Mr. Liu Huilin and Mr. Tang Jingke (the "Controlling Shareholders"), entered into an acting-in-concert agreement in relation to voting for corporate matters of the Company, pursuant to which, the Controlling Shareholders together with the entities controlled respectively, are interested in and control 322,500,000 shares, representing approximately 88.6% and 82.0% of total issued shares and voting rights in the Company as at December 31, 2024 and 2025, respectively.

The Company and its subsidiaries (the "Group") provided the customers with a comprehensive range of products and services, primarily including (i) 3D printers; (ii) 3D printing consumables; (iii) 3D scanners; (iv) laser engravers; (v) accessories and others and (vi) 3D printed products and services.

2 BASIS OF PREPARATION

The historical financial information of the Group has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (the "IFRS Accounting Standards"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The historical financial information has been prepared on a historical cost basis, except for certain financial assets and financial liabilities at fair value through profit or loss ("FVPL") and derivative financial instruments, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4.

The accounting policies applied in the preparation of the historical financial information have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 40 to this historical financial information.

2.1 New and amended standards and interpretations

(a) New and amended standards and interpretations adopted by the Group

In preparing the Historical Financial Information, the Group has consistently adopted all applicable new and amended IFRS Accounting Standards throughout the years ended December 31, 2023, 2024 and 2025 presented except for any new or interpretation that are not yet effective.

(b) New and amended standards and interpretations not yet adopted

New standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted by the Group, are set out below:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurements of financial instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 1, 2026
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
IFRS 19	Subsidiaries without public accountability: disclosures	January 1, 2027
Amendment to IAS 21	Translation to a hyperinflationary presentation	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has commenced an assessment of the impact of these new and amended standards and interpretation, certain of which are relevant to the Group. Except for IFRS 18 mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management defined performance measures within the financial statements.

From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences currently aggregated in the line item 'other gains/(losses), net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- Income and expenses on other assets that generate a return individually and largely independently of other resources held by the Group in the line item 'other gains/(losses), net' in operating profit might need to be presented below operating profit, such as "net gains/(losses) on financial asset at FVPL".

In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss — this break-down is only required for certain nature expenses; and
- for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

From a cash flow statement perspective, there will be a change to how interest received is presented. Interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required in accordance with IFRS 18.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD") and Great Britain Pound ("GBP"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries.

The Group's finance department has a professional team to manage the risk arising from fluctuation of exchange rate, with approach of the natural hedge for settling currencies, signing forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities, to minimize foreign exchange risk, and to reduce the impact of exchange rate fluctuations on business performance.

The aggregated carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of group companies at the respective dates of consolidated statements of financial position are as follows:

	USD denominated	EUR denominated	HKD denominated	GBP denominated	Total denominated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023					
Cash and cash equivalents and restricted cash	138,179	6,171	712	7,933	152,995
Trade and other receivables	373,664	67,113	74	2,212	443,063
Trade payables and other payables	(112)	(1,647)	–	–	(1,759)
Derivative financial instruments (nominal value)	(259,510)	–	–	–	(259,510)
	252,221	71,637	786	10,145	334,789

	USD denominated	EUR denominated	HKD denominated	GBP denominated	Total denominated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024					
Cash and cash equivalents and restricted cash	149,042	77,745	13,357	7,992	248,136
Trade and other receivables	71,143	–	72	2,185	73,400
Trade payables and other payables	(36)	(395)	(2)	(27)	(460)
Derivative financial instruments (nominal value)	(183,304)	–	–	–	(183,304)
	36,845	77,350	13,427	10,150	137,772
At December 31, 2025					
Cash and cash equivalents and restricted cash	130,937	8,179	18,766	3,996	161,878
Trade and other receivables	469,200	20,230	117	3,266	492,813
Trade payables and other payables	(16,010)	(474)	–	(85)	(16,569)
Derivative financial instruments (nominal value)	(279,950)	–	–	–	(279,950)
	304,177	27,935	18,883	7,177	358,172

As at December 31, 2023, 2024 and 2025, for the USD financial assets and USD financial liabilities, if the functional currencies appreciates or depreciates by 5% against the USD and other factors remain unchanged, the Group will decrease or increase its pre-tax profit by approximately RMB12,611,000, RMB1,842,000 and RMB15,209,000, respectively.

As at December 31, 2023, 2024 and 2025, for the EUR financial assets and EUR financial liabilities, if the functional currencies appreciates or depreciates by 5% against the EUR and other factors remain unchanged, the Group will decrease or increase its pre-tax profit by approximately RMB3,582,000, RMB3,868,000 and RMB1,397,000, respectively.

As at December 31, 2023, 2024 and 2025, for the HKD financial assets and HKD financial liabilities, if the functional currencies appreciates or depreciates by 5% against the HKD and other factors remain unchanged, the Group will decrease or increase its pre-tax profit by approximately RMB39,000, RMB671,000 and RMB944,000, respectively.

As at December 31, 2023, 2024 and 2025, for the GBP financial assets and GBP financial liabilities, if the functional currencies appreciates or depreciates by 5% against the GBP and other factors remain unchanged, the Group will decrease or increase its pre-tax profit by approximately RMB507,000, RMB508,000 and RMB359,000, respectively.

Changes of other foreign currencies have no significant impact on foreign exchange risk of the Group.

Whereas the functional currency of the Company is RMB, the following table shows the Company's monetary assets and monetary liabilities denominated mainly in USD and EUR other than RMB (in RMB equivalent).

	USD denominated	EUR denominated	Total denominated
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2023			
Cash and cash equivalents	133,797	807	134,604
Restricted cash	390	–	390
Trade and other receivables	371,555	38,299	409,854
Trade payables and other payables	(83)	–	(83)
Derivative financial instruments (nominal value)	(259,510)	–	(259,510)
	246,149	39,106	285,255

	USD denominated	EUR denominated	Total denominated
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2024			
Cash and cash equivalents	141,431	63,490	204,921
Restricted cash	395	–	395
Trade and other receivables	65,482	–	65,482
Trade payables and other payables	(36)	(53)	(89)
Derivative financial instruments (nominal value)	(183,304)	–	(183,304)
	23,968	63,437	87,405
At December 31, 2025			
Cash and cash equivalents	67,395	2,226	69,621
Restricted cash	54,509	–	54,509
Trade and other receivables	468,727	8	468,735
Trade payables and other payables	(16,009)	(311)	(16,320)
Derivative financial instruments (nominal value)	(279,950)	–	(279,950)
	294,672	1,923	296,595

As at December 31, 2023, 2024 and 2025, for the USD financial assets and USD financial liabilities, if the RMB appreciates or depreciates by 5% against the USD and other factors remain unchanged, the Company will decrease or increase its pre-tax profit by approximately RMB12,307,000, RMB1,198,000 and RMB14,734,000, respectively.

As at December 31, 2023, 2024 and 2025 for the EUR financial assets and EUR financial liabilities, if the RMB appreciates or depreciates by 5% against the EUR and other factors remain unchanged, the Company will decrease or increase its pre-tax profit by approximately RMB1,955,000, RMB3,172,000 and RMB96,000, respectively.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Financial assets and liabilities with floating rate expose the Group to cash flow interest rate risk and financial assets and liabilities with fixed rate expose the Group to fair value interest risk.

The exposure of the Group's borrowings to interest rate changes at the end of the Track Record Period were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Floating rate borrowings	277,690	359,660	341,680

As at December 31, 2023, 2024 and 2025, if interest rates for the floating rate borrowings had been 0.5% higher or lower with all other variables held constant, the Group's profit before income tax for the years then ended would have been lower or higher approximately RMB1,388,000, RMB1,798,000 and RMB1,708,000, respectively.

The interest rate risk of cash in bank and other financial assets and liabilities carried at fixed rate is not significant for the Group.

(iii) Price risk

The Group has no exposure to equity securities price risk.

3.1.2 Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, term deposits, restricted cash, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage credit risk, cash and cash equivalents, term deposits and restricted cash are mainly placed with state-owned or reputable financial institutions, and there has been no recent history of default in relation to these financial institutions. Thus, the credit risk related to cash and cash equivalents, term deposits and restricted cash is insignificant.

To manage the risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience, as well as forward-looking factors.

(i) Trade receivables

The Group applies the simplified approach to provide for the expected credit loss prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, credit rating and aging periods. The expected loss rates are based on the historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and consumer price index (CPI) of the PRC and GDP of the respective overseas countries in which it provides products and services to be the most relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors.

Set out below is the information about credit risk exposure on the Group's trade receivables:

Trade receivables — assessed based on groups

	As at December 31,		
	2023	2024	2025
Expected loss rate	4.1%	4.1%	3.4%
Gross carrying amount (RMB'000)	184,930	234,981	350,030
Loss allowance provision (RMB'000)	(7,565)	(9,683)	(11,727)

Trade receivables — assessed based on individual

	As at December 31,		
	2023	2024	2025
Expected loss rate	100.0%	100.0%	100.0%
Gross carrying amount (RMB'000)	2,671	1,290	889
Loss allowance provision (RMB'000)	(2,671)	(1,290)	(889)

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the years ended December 31, 2023, 2024 and 2025, the movement of loss allowances provision of trade receivables is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	10,534	10,236	10,973
(Decrease)/ increase in allowance recognized in profit or loss	(282)	1,112	3,104
Written off	–	(398)	(1,290)
Currency translation differences	(16)	23	(171)
At the end of the year	10,236	10,973	12,616

(ii) Other receivables

Other receivables comprise receivables from third-party platforms, deposits and other receivables. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout the Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtors;
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors; or
- external credit rating, etc.

To measure the expected credit loss ("ECL"), other receivables have been grouped based on shared credit risk characteristics. The Group also made individual assessment on the recoverability of other receivables for certain debtors. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis.

3-stages general approach ECL model has been applied for other receivables. The Group assesses whether their credit risk has increased significantly since their initial recognition and applies a 3-stages impairment model to calculate their impairment allowance and recognize their ECL.

In calculating the expected credit loss rates, the Group considered historical loss rates for each category of debtors and adjusts for forward-looking macroeconomic data.

The credit losses assessed based on groups of other receivables as follows:

	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2023				
Expected loss rate	0.3%	–	–	0.3%
Gross carrying amount (RMB'000)	40,894	–	–	40,894
Loss allowance provision (RMB'000)	(111)	–	–	(111)

	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2024				
Expected loss rate	0.6%	–	–	0.6%
Gross carrying amount (RMB'000)	42,902	–	–	42,902
Loss allowance provision (RMB'000)	(252)	–	–	(252)
As at December 31, 2025				
Expected loss rate	0.5%	–	–	0.5%
Gross carrying amount (RMB'000)	58,411	–	–	58,411
Loss allowance provision (RMB'000)	(312)	–	–	(312)

During the years ended December 31, 2023, 2024 and 2025, the movement of loss allowance provision of other receivables is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	121	111	252
(Decrease)/increase in allowance recognized in profit or loss	(10)	141	72
Written off	–	–	(12)
At the end of the year	111	252	312

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023						
Borrowings	106,503	43,394	119,852	45,408	315,157	278,066
Trade and notes payables	491,788	–	–	–	491,788	491,788
Other payables and accruals (excluding accrued payroll and welfare, other taxes payable, provisions and refund liabilities)	20,124	–	–	–	20,124	20,124
Derivative financial instruments	757	–	–	–	757	757
Lease liabilities	15,041	9,579	–	–	24,620	23,631
	634,213	52,973	119,852	45,408	852,446	814,366

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024						
Borrowings	128,842	66,125	182,989	21,951	399,907	360,129
Trade and notes payables	573,848	–	–	–	573,848	573,848
Other payables and accruals (excluding accrued payroll and welfare, other taxes payable, provisions and refund liabilities)	24,886	–	–	–	24,886	24,886
Derivative financial instruments	4,528	–	–	–	4,528	4,528
Lease liabilities	11,922	1,998	1,101	–	15,021	14,540
	744,026	68,123	184,090	21,951	1,018,190	977,931
At December 31, 2025						
Borrowings	266,531	42,701	119,412	86,640	515,284	475,949
Trade and notes payables	749,518	–	–	–	749,518	749,518
Other payables and accruals (excluding accrued payroll and welfare, other taxes payable, provisions and refund liabilities)	40,347	–	–	–	40,347	40,347
Derivative financial instruments	1,215	–	–	–	1,215	1,215
Lease liabilities	17,612	18,183	33,099	–	68,894	65,006
	1,075,223	60,884	152,511	86,640	1,375,258	1,332,035

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares. In the opinion of the management of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2023, 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at December 31, 2023, 2024 and 2025, the financial instruments measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023				
Financial assets at FVPL				
Financial assets at fair value through profit or loss	–	–	51,195	51,195
Derivative financial instruments	–	1,083	–	1,083
	–	1,083	51,195	52,278
Financial liabilities at FVPL				
Derivative financial instruments	–	757	–	757
As at December 31, 2024				
Financial assets at FVPL				
Financial assets at fair value through profit or loss	–	–	11,357	11,357
Financial liabilities at FVPL				
Derivative financial instruments	–	4,528	–	4,528
As at December 31, 2025				
Financial assets at FVPL				
Financial assets at fair value through profit or loss	–	–	126,175	126,175
Financial liabilities at FVPL				
Derivative financial instruments	–	1,215	–	1,215

There was no transfer of fair value hierarchy levels during the Track Record Period.

3.3.2 Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate.

The financial assets and liabilities subject to Level 2 fair value measurement were derivative financial instruments. The valuation was derived by income approach.

The financial assets subject to Level 3 fair value measurement were mainly included wealth management products. The valuation was derived by income approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

There were no changes in valuation techniques during the Track Record Period.

3.3.3 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes of financial assets at FVPL in level 3 items for the years ended December 31, 2023, 2024 and 2025:

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening	84,397	51,195	11,357
Additions	153,010	335,532	555,305
Disposals/settlements	(187,138)	(376,712)	(442,120)
Changes in fair value	926	1,342	1,633
Closing	51,195	11,357	126,175

3.3.4 Valuation processes (level 3)

The financial manager of the Group performs the valuations of financial instruments, including the Level 3 fair values. The financial manager reports directly to the Chief Financial Officer ("CFO"). External valuation experts will be involved when necessary. Discussions of valuation processes and results are held between the CFO and the financial manager.

3.3.5 Valuation inputs and relationships to fair value (level 3)

The following table summarizes the quantitative information about the significant unobservable inputs of major financial assets used in level 3 fair value measurements:

As at December 31, 2023

Description	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000			
Wealth management products	51,195	Expected rate of return	1.89% to 2.86%	The higher the expected rate of return, the higher the fair value

As at December 31, 2024

Description	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000			
Wealth management products	11,357	Expected rate of return	1.55% to 2.36%	The higher the expected rate of return, the higher the fair value

As at December 31, 2025

Description	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000			
Wealth management products	126,175	Expected rate of return	2.05% to 4.00%	The higher the expected rate of return, the higher the fair value

As at December 31, 2023, 2024 and 2025, if expected rate of return higher/lower by 0.05%, fair value of financial assets at FVPL would have been approximately RMB26,000, RMB6,000 and RMB63,000 higher/lower respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Net realizable value of inventories

The Group's management reviews the condition of inventories at each balance sheet date and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the future sales projection, latest market prices and current market conditions. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realizable value.

(b) Recognition of share-based payment expenses

As disclosed in Note 28, restricted shares were granted to the Group's employees. These transactions resulted in the recognition of share-based payment expenses. The directors have used the discounted cash flow model to determine the fair value of the restricted shares granted. Significant estimate on assumptions includes terminal growth rate and discount rate.

As the granted restricted shares in share incentive plans are conditional on an [**REDACTED**]. The Group has estimated the [**REDACTED**] date when they calculated share-based payment expenses at each of date of reporting period. The restricted shares will vest on the later of: (a) the date of a successful [**REDACTED**], or (b) the date of specific requisite service period is completed.

(c) Income taxes and deferred taxations

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determinations are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized as management considers that it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

For management purposes, the Group is not organized into business units based on their products and only has one reportable operating segment. The executive directors of the Company are identified as the chief operating decision maker who monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information by location of customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
North America	560,606	615,113	1,007,239
Europe	439,986	552,995	784,617
PRC (including Hong Kong, Macau, and Taiwan)	580,474	666,517	808,470
Asia (excluding PRC)	106,553	167,780	196,906
South America	125,664	159,917	201,912
Oceania	50,529	90,031	81,424
Africa	19,050	35,975	46,472
	1,882,862	2,288,328	3,127,040

As at December 31, 2023, 2024 and 2025, substantially all of the non-current assets (excluding financial instruments and deferred income tax assets) of the Group were located in the PRC.

(b) Revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
3D Printers	1,403,796	1,416,124	1,784,952
3D Printing Consumables	136,203	261,534	418,408
3D Scanners	41,530	207,585	365,701
Laser Engravers	111,232	163,423	225,434
Accessories and others	188,341	236,330	326,261
3D Printed Products and Services	1,760	3,332	6,284
	1,882,862	2,288,328	3,127,040

The timing of revenue recognition of the Group's revenue is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At a point in time	1,881,775	2,285,518	3,122,435
Over time	1,087	2,810	4,605
	1,882,862	2,288,328	3,127,040

There is no single external customer contributed more than 10% of the Group's total revenue during the Track Record Period.

(c) Contract liabilities

The Group has recognized the following liabilities related to contracts with customers:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	37,240	76,318	52,844

(i) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the Track Record Period relates to carried-forward contract liabilities.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	22,727	35,670	74,453

All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(d) Accounting policies of revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

If contracts involve the sale of multiple goods or services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(i) Sales of products

The Group are principally engaged in the design, manufacturing and sales of 3D printing equipment and accessories, 3D printing consumables, 3D scanners and laser engravers. Revenue from contracts with customers is recognized when control of the products is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products and delivery to the customers.

Revenue from the sale of products over self-operated online stores or third-party e-commerce platforms is recognized at the point in time when control of the products is transferred to the customer, generally on the receipt of products by customers.

Revenue from the sale of products offline is recognized at the point in time when control of the products is transferred to the customer. Revenue from domestic products sales is recognized when the Group has delivered the products to the location specified in the sales contract. Revenue from overseas products sales is recognized at the corresponding time points according to different trade terms, such as when the customer picked up the products at the factory, or when the products passed over the ship's side.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

The Group provides customers with sales rebate and discount, and the relevant revenue is recognized based on contract consideration net of the rebate and discount amount estimated.

If the contract for the sale of goods provides customers with rights of return, it gives rise to variable consideration. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, a refund liability is recognized. A right-of-return asset measured at the carrying amount of the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value, and the corresponding adjustment to cost of sales are also recognized for customers' right to return products to us. The amount recorded as an asset should be updated for changes in the refund liability and for other changes in circumstances that might suggest an impairment of the asset.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

(ii) Rendering of services

The Group offers value-added services which are recognized differently depending on the terms of the contract and the laws that apply to the contracts. If control of the promised services is transferred over time, revenues are recognized over the periods of the contracts by reference to the progress towards complete satisfaction of those performance obligations. Otherwise, revenue is recognized at a point time when the customer obtains control of the promised services.

(iii) Contract liability

A contract liability is the Group's obligation to transfer products or services to a customer for which the Group has received consideration from the customer.

(iv) Contract cost

Incremental costs incurred to obtain a contract, if recoverable, are capitalized and subsequently amortized when the related revenue is recognized. The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses are further analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables used	1,164,184	1,273,592	1,867,620
Changes in finished goods, work in progress and contract fulfillment costs	(171,229)	(49,557)	(228,823)
Employee benefits expenses *(Note 9)*	249,612	338,541	510,419
Freight and storage expenses	157,628	190,824	298,255
Marketing and advertising expenses	157,463	192,486	267,388
Commission to e-commerce platforms	39,317	53,282	96,044
Depreciation and amortization *(Note 14, 15 and 16)*	42,813	52,705	64,149
Warranty expenses	12,690	15,987	23,176
Provision for inventories	14,011	19,262	40,756
Payment processing fees	15,258	18,000	25,328
Professional services fees	10,431	24,848	39,260
Tax and surcharges	8,659	16,208	16,674
Rental and utilities fees	11,287	14,424	16,043
Travelling and entertainment expenses	21,841	12,267	20,150
Outsourced labour costs	15,845	28,088	7,797
Office expenses	6,279	5,701	9,623
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
IT-related service fee	2,232	4,128	9,945
Auditors' remuneration	1,092	1,420	691
Others	4,293	5,562	10,613
	1,763,706	2,217,978	3,114,190

7 OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(i)*	34,646	10,142	16,290
Value-added Tax ("VAT") refund *(ii)*	12,099	8,245	11,567
Additional VAT deduction *(iii)*	1,297	4,098	2,664
Interest income *(iv)*	3,932	1,115	250
Others	200	783	351
	52,174	24,383	31,122

(i) Government grants provided to the Group mainly related to financial subsidies received from the local governments in the PRC. There are no unfulfilled conditions or other contingencies relating to these grants.

(ii) The applicable VAT rate for sales of computer software was 13%. According to the Circular Cai Shui [2011] No. 100 (財稅[2011] 100號), software enterprises which engage in the sales of self-developed software in the PRC are entitled to VAT refund to the extent that the effective VAT rate of the sales of the software in the PRC exceeds 3%.

(iii) Pursuant to the Notice on the Additional VAT Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration in September 2023, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT.

(iv) Interest income from financial assets at FVPL is included in the net fair value gains on these assets, see Note 8 below. Interest income on term deposits calculated using the effective interest method is recognized in profit or loss as part of other income.

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net gains on financial asset at FVPL *(Note 3.3.3)*	926	1,342	1,633
Net gains on derivatives financial instruments	2,630	1,258	2,539
Net losses on disposal of property, plant and equipment and other assets	(2)	(90)	(324)
Issuance of shares and dividends to Investors *(i)*	–	–	(240,307)
Net foreign exchange gains/(losses)	1,384	2,389	(880)
Others	937	578	(1,442)
	5,875	5,477	(238,781)

(i) As described in Note 32(iii), the redemption rights, liquidation preference and anti-dilution right in relation to the Company were terminated on December 29, 2023. Pursuant to the second Shareholders' agreement, the Series A Investors have the right to require redemption from the Controlling Shareholders if the Company failed to submit a qualified [**REDACTED**] application before June 30, 2024, or complete the qualified [**REDACTED**] before December 31, 2025.

On July 25, 2025, the Company, the Controlling Shareholders and the Series A Investors entered into a Shareholders' agreement (the "third Shareholders' agreement"), pursuant to which the Series A Investors agree to replace the redemption terms to "the Series A Investors have the right to require redemption from the Controlling Shareholders if the Company failed to submit a qualified [**REDACTED**] application before December 31, 2025 or complete the qualified [**REDACTED**] before June 30, 2026". As a result, the Company agreed to (i) distribute a total of RMB81,357,000 cash dividend ("Cash Dividend"); and (ii) issue 29,546,551 shares ("Capitalization Issue"), representing approximately 7.51% of the total issued and enlarged share capital, to the Series A Investors only on a pro rata basis. The distribution of cash dividend was paid in July 2025. The consideration for the Capitalization Issue was settled through capital reserve on July 25, 2025.

The substance of this arrangement is that the Company compensated the Series A Investors on behalf of the Controlling Shareholders. According to the relevant requirements under IFRS 2 share-based payments, the cash dividend of RMB81,357,000 and the fair value of RMB158,950,000 for 29,546,551 issued shares was charged to the consolidated income statements.

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	221,624	291,434	431,884
Share-based compensation expenses	1,628	8,329	15,417
Pension costs – defined contribution plan *(a)*	10,378	16,612	30,106
Other social security costs, housing benefits and other employee benefits	13,882	18,651	28,949
Termination benefits	2,100	3,515	4,063
	249,612	338,541	510,419

(a) Defined contribution plan — Pension costs

Employees of the group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The Group was not entitled to any forfeited contributions to reduce the Group's future contributions during the Track Record Period.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended December 31, 2023, 2024 and 2025 include 3, 1 and nil directors, respectively whose emoluments are disclosed in the Note 9(c). The aggregate amounts of emoluments for the remaining 2, 4 and 5 highest paid non-director individuals for each of the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries, and bonuses	2,288	3,979	5,572
Share-based compensation expenses	55	1,137	946
Pension costs – defined contribution plans	65	101	133
Other social security costs, housing benefits and other employee benefits	70	236	385
	2,478	5,453	7,036

The emoluments of the above individuals fell within the following bands:

	Year ended December 31,		
	2023	2024	2025
Emoluments bands:			
Nil to HKD1,000,000	–	–	–
HKD1,000,001 to HKD1,500,000	2	2	3
HKD1,500,001 to HKD2,000,000	–	2	2
	2	4	5

No payment as inducement fee to join or upon joining the Group or compensation for loss of office was paid or payable to any of these individuals for the Track Record Period.

(c) Directors' and supervisors' remuneration

Directors' and supervisors' remuneration for the Track Record Period is as follow:

	Fee	Wages, salaries, and bonuses	Share-based compensation expenses	Pension costs – defined contribution plan	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Executive directors						
Mr. Chen Chun	–	845	–	46	165	1,056
Mr. Ao Danjun	–	845	–	46	168	1,059
Mr. Liu Huilin	–	845	–	46	165	1,056
Mr. Tang Jingke	–	845	–	46	165	1,056
Mr. Fang Zongdi *(i)*	–	366	24	14	12	416
Non-executive directors						
Mr. Huang Hongman *(ii)*	–	–	–	–	–	–
Independent non-executive directors						
Mr. Li Zhongxuan *(iii)*	–	–	–	–	–	–
Ms. Wang Yating *(iii)*	–	–	–	–	–	–
Mr. Liang Huaquan *(iii)*	–	–	–	–	–	–
Supervisors						
Ms. Jiang Meiling	–	82	–	8	48	138
Ms. Liu Meijiao *(iv)*	–	355	48	13	6	422
Ms. Zhong Huijun	–	208	23	5	34	270
Mr. Wang Fulin	–	188	24	4	50	266
Total	–	4,579	119	228	813	5,739

	Fee	Wages, salaries, and bonuses	Share-based compensation expenses	Pension costs – defined contribution plan	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Executive directors						
Mr. Chen Chun	–	1,080	–	50	53	1,183
Mr. Ao Danjun	–	1,080	–	54	53	1,187
Mr. Liu Huilin	–	1,080	–	50	51	1,181
Mr. Tang Jingke	–	1,080	–	50	52	1,182
Mr. Fang Zongdi	–	622	157	28	23	830
Non-executive directors						
Mr. Huang Hongman	–	–	–	–	–	–
Independent non-executive directors						
Mr. Li Zhongxuan	100	–	–	–	–	100
Ms. Wang Yating	100	–	–	–	–	100
Mr. Liang Huaquan	100	–	–	–	–	100
Supervisors						
Ms. Liu Meijiao	–	864	318	27	14	1,223
Ms. Zhong Huijun	–	279	40	6	11	336
Mr. Wang Fulin	–	243	44	6	14	307
Total	300	6,328	559	271	271	7,729

	Fee	Wages, salaries, and bonuses	Share-based compensation expenses	Pension costs – defined contribution plan	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025						
Executive directors						
Mr. Chen Chun	–	1,080	–	53	56	1,189
Mr. Ao Danjun	–	1,080	–	69	56	1,205
Mr. Liu Huilin	–	1,080	–	53	56	1,189
Mr. Tang Jingke	–	1,080	–	53	56	1,189
Mr. Fang Zongdi	–	518	132	30	25	705
Non-executive directors						
Mr. Huang Hongman	–	–	–	–	–	–
Independent non-executive directors						
Mr. Li Zhongxuan *(iii)*	58	–	–	–	–	58
Ms. Wang Yating	142	–	–	–	–	142
Mr. Liang Huaquan	142	–	–	–	–	142
Ms. Gao Li *(v)*	83	–	–	–	–	83
Supervisors						
Ms. Liu Meijiao	–	692	192	22	18	924
Ms. Zhong Huijun	–	227	20	6	10	263
Mr. Wang Fulin	–	176	22	6	4	208
Total	425	5,933	366	292	281	7,297

(i) Mr. Fang Zongdi was appointed as executive director of the Company in June 2023.

(ii) Mr. Huang Hongman was appointed as non-executive director of the Company in June 2023.

(iii) Ms. Wang Yating and Mr. Liang Huaquan were appointed as independent non-executive directors of the Company in December 2023. Mr. Li Zhongxuan was appointed as independent non-executive director of the Company in December 2023, and resigned in July 2025.

(iv) Ms. Liu Meijiao was appointed as supervisor of the Company in June 2023.

(v) Ms. Gao Li was appointed as independent non-executive director of the Company in July 2025.

(vi) The remunerations shown above represent remunerations received from the Group by these directors in their capacity as employees to the Group during the Track Record Period. The emoluments of Mr. Huang Hongman in relation to his services rendered for the Group were borne by a series A investor and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation during the Track Record Period.

(d) Directors' and supervisors' retirement benefits

No retirement benefits were paid to or receivable by any directors and supervisors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the Track Record Period.

(e) Directors' and supervisors' termination benefits

No payment was made to the directors and supervisors as compensation for early termination of appointment during the Track Record Period.

(f) Consideration provided to third parties for making available directors' and supervisors' services

No payment was made to any former employers of the directors and supervisors for making available the services of them as a director of the Company during the Track Record Period.

(g) Information about loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

As disclosed in Note 36, there were no loans, quasi-loans or other dealings entered into in favor of directors and supervisors, controlled bodies corporate by and connected entities with any of the directors during the Track Record Period.

(h) Directors' and supervisors' material interests in transactions, arrangements or contracts

As disclosed in Note 36, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

10 FINANCE COSTS, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
– Interest income from bank deposits	6,635	5,445	5,895
Finance costs			
– Interest expenses on borrowings	(14,864)	(16,388)	(12,630)
– Interest expenses on lease liabilities	(1,611)	(1,027)	(1,517)
– Interest expenses on redemption liabilities	(40,456)	–	–
	(56,931)	(17,415)	(14,147)
Less: borrowing costs capitalized in construction in progress	7,658	2,243	–
	(49,273)	(15,172)	(14,147)
Finance costs, net	(42,638)	(9,727)	(8,252)

11 INCOME TAX EXPENSES/(CREDITS)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	37,298	8,065	7,869
Deferred income tax	(30,945)	(7,495)	(31,685)
	6,353	570	(23,816)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the Track Record Period. The differences are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before income tax	134,859	89,230	(206,237)
Tax calculated at the PRC statutory tax rate 25%	33,715	22,308	(51,559)
Effects of different tax rates applicable to subsidiaries	(20,872)	(6,989)	25,190
Expenses not deductible for tax purpose *(i)*	6,261	563	36,775
Super deductions for research and development expenses	(12,935)	(17,416)	(31,323)
Tax losses for which no deferred income tax asset was recognized	96	17	–
Utilization of previously unrecognized tax losses	–	(129)	(60)
Others	88	2,216	(2,839)
	6,353	570	(23,816)

(i) During the year ended December 31, 2025, expenses not deductible for income tax purpose mainly included the expense relating to the issuance of shares and special dividends to Series A Investors (Note 8(i)), which was recognized in the Company's income statements and not deductible for income tax purpose.

(a) PRC corporate income tax ("PRC CIT")

PRC CIT is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes.

The Company and Hubei Creality 3D Technology Co., Ltd. was eligible for preferential tax policies applicable for the qualification of High and New Technology Enterprises and was entitled to a preferential income tax rate of 15% during the Track Record Period. Huizhou Creality 3D Technology Co., Ltd. was eligible for preferential tax policies applicable for the qualification of High and New Technology Enterprises and was entitled to a preferential income tax rate of 15% for the year ended December 31, 2024 and 2025.

Certain subsidiaries were qualified as small and micro enterprises and were eligible to calculate their taxable income at a reduced rate of 25% and pay corporate income tax at a 20% tax rate during the Track Record Period.

The Company's subsidiaries in PRC other than those mentioned above are subject to enterprise income tax at the rate of 25%.

(b) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any part of assessable profits over HKD2,000,000 for the years ended December 31, 2023, 2024 and 2025.

(c) United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% federal corporate income tax rate and other relevant states tax rate of 8.84% has been provided on the taxable income arising in the United States for the years ended December 31, 2023, 2024 and 2025.

(d) Germany

The corporate income tax rate is 32.275% for the years ended December 31, 2023, 2024 and 2025.

(e) Super deduction for research and development expense

The State Taxation Administration of the PRC announced that manufacturing enterprises in the Chinese mainland engage in research and development activities would entitle to claim 200% of their research and development expenses as super deduction in calculating the PRC CIT since January 1, 2021. The Group has made its best estimate for the super deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period.

(f) Unused tax losses for which no deferred income tax asset has been recognized

The tax losses will expire in the following years:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2024	2,281	–	–
2025	276	275	224
2026	792	792	788
2027	873	873	873
2028	311	4	–
2029	–	340	–
After 2030 (including 2030)	244	244	–
	4,777	2,528	1,885

The unused tax losses were incurred by subsidiaries that is not likely to generate taxable income in the foreseeable future. The tax losses shall expire in five years from the year of occurrence under current tax legislation in the Chinese mainland.

12 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share ("EPS") is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Profit/(loss) attributable to owners of the Company (RMB'000) *(iii)*	129,057	88,757	(182,561)
Weighted average number of ordinary shares in issue (thousand shares) *(i)(ii)*	363,866	363,866	376,691
Basic earnings/(loss) per share (expressed in RMB per share)	0.35	0.24	(0.48)

(i) The weighted average number of ordinary shares in issue before the capitalization of capital reserve in November 2023 was determined assuming the share capital for the purpose of calculating the number of ordinary shares had been fully converted into the Company's share capital at the beginning of the Track Record Period (Note 25).

(ii) The Company issued 29,546,551 shares to the Series A Investors on July 25, 2025 and approximately RMB29,547,000 was transferred from capital reserve to share capital.

(iii) The loss attributable to owners of the Company for the year ended December 31, 2025 was RMB182,561,000 mainly due to the issuance of shares and special dividends to Series A Investors amounting to RMB240,307,000. Details refer to Note 8 (i).

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended December 31, 2023, the Group had the outstanding ordinary shares with redemption liabilities, which were not included in the calculation of diluted earnings/(loss) per share because they are antidilutive. During the years ended December 31, 2024 and 2025, the Group had no potential ordinary shares. Accordingly, diluted earnings/(loss) per share for the year ended 2023, 2024 and 2025 are the same as basic earnings/(loss) per share of the respective years.

13 DIVIDENDS

The dividend of RMB195,000,000 in respect of the year ended December 31, 2020 was approved by the shareholders in 2021, of which RMB88,000,000, RMB36,000,000 and RMB71,000,000 were paid in 2021, 2022 and 2023, respectively.

The cash dividend to the Series A Investors of RMB81,357,000 in respect of the year ended December 31, 2024 was approved by the shareholders in 2025 and was subsequently paid in July 2025. Details refer to Note 8 (i).

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023							
Cost	258,024	11,276	6,795	16,196	301,359	13,814	607,464
Accumulated depreciation	(1,663)	(4,051)	(3,415)	(8,882)	–	(10,500)	(28,511)
Net book amount	256,361	7,225	3,380	7,314	301,359	3,314	578,953
Year ended December 31, 2023							
Opening net book amount	256,361	7,225	3,380	7,314	301,359	3,314	578,953
Additions	421	2,449	471	1,506	125,905	364	131,116
Disposal	–	(47)	(77)	(462)	(78)	–	(664)
Transfer from construction in progress to other property, plant and equipment, net	407,150	–	–	5,506	(412,656)	–	–
Depreciation charge	(12,101)	(2,087)	(1,540)	(3,880)	–	(1,314)	(20,922)
Closing net book amount	651,831	7,540	2,234	9,984	14,530	2,364	688,483
At December 31, 2023							
Cost	665,595	13,678	7,027	21,900	14,530	14,178	736,908
Accumulated depreciation	(13,764)	(6,138)	(4,793)	(11,916)	–	(11,814)	(48,425)
Net book amount	651,831	7,540	2,234	9,984	14,530	2,364	688,483

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	665,595	13,678	7,027	21,900	14,530	14,178	736,908
Accumulated depreciation	(13,764)	(6,138)	(4,793)	(11,916)	–	(11,814)	(48,425)
Net book amount	651,831	7,540	2,234	9,984	14,530	2,364	688,483
Year ended December 31, 2024							
Opening net book amount	651,831	7,540	2,234	9,984	14,530	2,364	688,483
Additions	–	7,142	827	3,166	156,468	408	168,011
Disposal	–	–	(64)	(31)	–	–	(95)
Transfer from construction in progress to other property, plant and equipment, net	168,046	–	–	2,952	(170,998)	–	–
Depreciation charge	(24,418)	(3,172)	(1,405)	(3,391)	–	(1,408)	(33,794)
Closing net book amount	795,459	11,510	1,592	12,680	–	1,364	822,605
At December 31, 2024							
Cost	833,641	20,820	7,409	27,179	–	14,586	903,635
Accumulated depreciation	(38,182)	(9,310)	(5,817)	(14,499)	–	(13,222)	(81,030)
Net book amount	795,459	11,510	1,592	12,680	–	1,364	822,605

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025							
Cost	833,641	20,820	7,409	27,179	–	14,586	903,635
Accumulated depreciation	(38,182)	(9,310)	(5,817)	(14,499)	–	(13,222)	(81,030)
Net book amount	795,459	11,510	1,592	12,680	–	1,364	822,605
Year ended December 31, 2025							
Opening net book amount	795,459	11,510	1,592	12,680	–	1,364	822,605
Additions	–	9,094	917	13,540	–	6,457	30,008
Disposal	–	(55)	(60)	(209)	–	–	(324)
Depreciation charge	(29,829)	(3,970)	(1,045)	(4,806)	–	(2,262)	(41,912)
Closing net book amount	765,630	16,579	1,404	21,205	–	5,559	810,377
At December 31, 2025							
Cost	833,641	28,954	7,360	39,416	–	21,043	930,414
Accumulated depreciation	(68,011)	(12,375)	(5,956)	(18,211)	–	(15,484)	(120,037)
Net book amount	765,630	16,579	1,404	21,205	–	5,559	810,377

The Company

	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	9,369	6,072	10,111	78	12,987	38,617
Accumulated depreciation	(3,603)	(3,140)	(6,931)	–	(9,673)	(23,347)
Net book amount	5,766	2,932	3,180	78	3,314	15,270

	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Opening net book amount	5,766	2,932	3,180	78	3,314	15,270
Additions	450	87	514	–	364	1,415
Disposal	–	–	(47)	(78)	–	(125)
Transfer from construction in progress to other property, plant and equipment, net	–	–	–	–	–	–
Depreciation charge	(1,637)	(1,317)	(2,178)	–	(1,314)	(6,446)
Closing net book amount	4,579	1,702	1,469	–	2,364	10,114
At December 31, 2023						
Cost	9,819	6,159	10,308	–	13,351	39,637
Accumulated depreciation	(5,240)	(4,457)	(8,839)	–	(10,987)	(29,523)
Net book amount	4,579	1,702	1,469	–	2,364	10,114
At January 1, 2024						
Cost	9,819	6,159	10,308	–	13,351	39,637
Accumulated depreciation	(5,240)	(4,457)	(8,839)	–	(10,987)	(29,523)
Net book amount	4,579	1,702	1,469	–	2,364	10,114
Year ended December 31, 2024						
Opening net book amount	4,579	1,702	1,469	–	2,364	10,114
Additions	824	491	2,329	–	–	3,644
Disposal	(2,008)	(191)	(873)	–	–	(3,072)
Depreciation charge	(1,309)	(1,152)	(878)	–	(1,389)	(4,728)
Closing net book amount	2,086	850	2,047	–	975	5,958
At December 31, 2024						
Cost	5,163	5,914	8,319	–	13,351	32,747
Accumulated depreciation	(3,077)	(5,064)	(6,272)	–	(12,376)	(26,789)
Net book amount	2,086	850	2,047	–	975	5,958
At January 1, 2025						
Cost	5,163	5,914	8,319	–	13,351	32,747
Accumulated depreciation	(3,077)	(5,064)	(6,272)	–	(12,376)	(26,789)
Net book amount	2,086	850	2,047	–	975	5,958
Year ended December 31, 2025						
Opening net book amount	2,086	850	2,047	–	975	5,958
Additions	1,996	104	3,413	–	2,663	8,176
Disposal	(78)	(156)	(64)	–	–	(298)
Depreciation charge	(1,039)	(266)	(1,037)	–	(1,348)	(3,690)
Closing net book amount	2,965	532	4,359	–	2,290	10,146
At December 31, 2025						
Cost	6,910	4,943	11,193	–	16,014	39,060
Accumulated depreciation	(3,945)	(4,411)	(6,834)	–	(13,724)	(28,914)
Net book amount	2,965	532	4,359	–	2,290	10,146

(i) Depreciation expenses were charged to profit or loss as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	12,871	26,594	26,265
Selling and marketing expenses	1,443	1,970	5,928
General and administrative expenses	4,496	3,055	6,005
Research and development expenses	2,112	2,175	3,714
	20,922	33,794	41,912

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	1,311	415	33
Selling and marketing expenses	1,381	1,268	993
General and administrative expenses	2,461	1,449	1,054
Research and development expenses	1,293	1,596	1,610
	6,446	4,728	3,690

(ii) Depreciation methods and useful lives

Property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings	10 to 30 years
Machinery and equipment	5 to 10 years
Motor vehicles	4 to 5 years
Office equipment and others	3 to 5 years
Leasehold improvements	Shorter of their useful lives and the lease term

See Note 40.4 for the other accounting policies relevant to property, plant and equipment.

15 LEASES

This note provides information for leases where the Group and the Company is a lessee.

(a) Amounts recognized in the statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Buildings	19,567	12,664	62,763
– Land use rights	58,310	57,080	55,851
	77,877	69,744	118,614
Lease liabilities			
– Current	14,220	11,555	15,963
– Non-current	9,411	2,985	49,043
	23,631	14,540	65,006

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were RMB2,700,000, RMB8,711,000 and RMB69,517,000, respectively.

Early termination of leases during the years ended December 31 2023, 2024 and 2025 were RMB483,000, nil and RMB2,459,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Buildings	19,567	7,893	52,245
Lease liabilities			
– Current	14,220	9,666	10,685
– Non-current	9,411	–	43,106
	23,631	9,666	53,791

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were RMB2,251,000, RMB2,940,000 and RMB59,306,000, respectively.

Early termination of leases during the years ended December 31, 2023, 2024 and 2025 were RMB74,000, nil and RMB2,459,000, respectively.

(b) Amounts recognized in profit or loss

The consolidated income statements show the following amounts relating to leases:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	20,102	16,844	18,097
Interest expense *(Note 10)*	1,611	1,027	1,517
Expense relating to short-term leases	3,684	3,494	1,410

The total cash outflow from financing activities for leases of the Group for the years ended December 31, 2023, 2024 and 2025 were approximately RMB21,505,000, RMB18,829,000 and RMB18,018,000, respectively, and the total cash outflow from operating activities for leases for the years ended December 31, 2023, 2024 and 2025 were approximately RMB3,684,000, RMB3,494,000 and RMB1,410,000, respectively.

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	18,667	14,614	12,495
Interest expense	1,597	898	1,130
Expense relating to short-term leases	2,566	2,436	459

16 INTANGIBLE ASSETS

The Group

	Trademark rights	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023				
Cost	85	10,549	1,361	11,995
Accumulated amortization	(27)	(5,092)	(281)	(5,400)
Net book amount	58	5,457	1,080	6,595
Year ended December 31, 2023				
Opening net book amount	58	5,457	1,080	6,595
Additions	–	680	–	680
Amortization charge	(17)	(1,637)	(135)	(1,789)
Closing net book amount	41	4,500	945	5,486
At December 31, 2023				
Cost	85	11,229	1,361	12,675
Accumulated amortization	(44)	(6,729)	(416)	(7,189)
Net book amount	41	4,500	945	5,486

	Trademark rights	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024				
Cost	85	11,229	1,361	12,675
Accumulated amortization	(44)	(6,729)	(416)	(7,189)
Net book amount	41	4,500	945	5,486
Year ended December 31, 2024				
Opening net book amount	41	4,500	945	5,486
Additions	–	2,249	–	2,249
Amortization charge	(17)	(1,915)	(135)	(2,067)
Closing net book amount	24	4,834	810	5,668
At December 31, 2024				
Cost	85	10,963	1,361	12,409
Accumulated amortization	(61)	(6,129)	(551)	(6,741)
Net book amount	24	4,834	810	5,668
At January 1, 2025				
Cost	85	10,963	1,361	12,409
Accumulated amortization	(61)	(6,129)	(551)	(6,741)
Net book amount	24	4,834	810	5,668
Year ended December 31, 2025				
Opening net book amount	24	4,834	810	5,668
Additions	–	2,898	–	2,898
Amortization charge	(17)	(2,613)	(135)	(2,765)
Closing net book amount	7	5,119	675	5,801
At December 31, 2025				
Cost	85	13,861	1,361	15,307
Accumulated amortization	(78)	(8,742)	(686)	(9,506)
Net book amount	7	5,119	675	5,801

The Company

	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	10,541	1,264	11,805
Accumulated amortization	(5,085)	(263)	(5,348)
Net book amount	5,456	1,001	6,457
Year ended December 31, 2023			
Opening net book amount	5,456	1,001	6,457
Additions	671	–	671
Amortization charge	(1,634)	(126)	(1,760)
Closing net book amount	4,493	875	5,368
At December 31, 2023			
Cost	11,212	1,264	12,476
Accumulated amortization	(6,719)	(389)	(7,108)
Net book amount	4,493	875	5,368

	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024			
Cost	11,212	1,264	12,476
Accumulated amortization	(6,719)	(389)	(7,108)
Net book amount	4,493	875	5,368
Year ended December 31, 2024			
Opening net book amount	4,493	875	5,368
Additions	2,249	–	2,249
Disposal	(882)	–	(882)
Amortization charge	(1,860)	(126)	(1,986)
Closing net book amount	4,000	749	4,749
At December 31, 2024			
Cost	10,002	1,264	11,266
Accumulated amortization	(6,002)	(515)	(6,517)
Net book amount	4,000	749	4,749
At January 1, 2025			
Cost	10,002	1,264	11,266
Accumulated amortization	(6,002)	(515)	(6,517)
Net book amount	4,000	749	4,749
Year ended December 31, 2025			
Opening net book amount	4,000	749	4,749
Disposal	(58)	–	(58)
Amortization charge	(1,936)	(126)	(2,062)
Closing net book amount	2,006	623	2,629
At December 31, 2025			
Cost	9,889	1,264	11,153
Accumulated amortization	(7,883)	(641)	(8,524)
Net book amount	2,006	623	2,629

(a) Amortization expenses were charged to profit or loss as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	495	685	1,307
Selling and marketing expenses	138	141	173
General and administrative expenses	1,156	1,241	1,285
	1,789	2,067	2,765

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	487	630	659
Selling and marketing expenses	118	118	118
General and administrative expenses	1,155	1,238	1,285
	1,760	1,986	2,062

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost			
– Trade receivables	177,365	225,298	338,303
– Other receivables	40,783	42,650	58,099
– Term deposits	120,046	21,760	–
– Cash and cash equivalents	301,532	463,486	277,310
– Restricted cash	29,033	17,284	55,103
	668,759	770,478	728,815
Financial assets at fair value			
– Financial assets at FVPL	51,195	11,357	126,175
– Derivative financial instruments	1,083	–	–
	52,278	11,357	126,175
Financial liabilities			
Financial liabilities at amortized cost			
– Trade and notes payables	491,788	573,848	749,518
– Other payables and accruals (excluding accrued payroll and welfare, other taxes payable, provisions and refund liabilities)	20,124	24,886	40,347
– Lease liabilities	23,631	14,540	65,006
– Borrowings	278,066	360,129	475,949
	813,609	973,403	1,330,820
Financial liabilities at fair value			
– Derivative financial instruments	757	4,528	1,215
	757	4,528	1,215

18 TERM DEPOSITS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Transferable certificates of deposits *(i)*	120,046	21,760	–
Less: Non-current portion	(21,087)	–	–
	98,959	21,760	–

(i) As at December 31, 2023 and 2024, term deposits of the Group and the Company were included transferable certificates of deposits with initial terms over one year and term deposits with initial terms over three months, which were subsequently measured at amortized cost.

(ii) Term deposits is subject to the impairment assessment according to IFRS 9, the identified impairment loss was immaterial as at December 31, 2023 and 2024. For details refer to Note 3.1.2.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in wealth management products	51,195	11,357	126,175

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in wealth management products	40,071	–	116,139

(i) The principal and return of the wealth management products is not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products issued by banks are measured at FVPL. The fair value of investment in wealth management products is measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. The major assumptions used in the valuation refer to Note 3.3.

20 DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets:			
– Foreign currency forwards- held for trading	1,083	–	–
Liabilities:			
– Foreign currency forwards- held for trading	757	4,528	1,215

(i) Derivatives are used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss. For information about the methods used in determining the fair value of derivatives refer to Note 3.3.

21 INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	260,742	294,468	515,784
Raw materials	81,031	123,185	100,757
Work in progress	27,318	43,054	51,173
Consigned processing materials	7,123	12,001	18,573
Contract fulfilment costs	593	612	–
	376,807	473,320	686,287
Less: Provision for impairment loss	(20,509)	(35,077)	(52,022)
	356,298	438,243	634,265

Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount and is recorded in cost of sales in the consolidated income statements. The provision for inventories as recognized for the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB14,011,000, RMB19,262,000 and RMB40,756,000 respectively.

The cost of inventories recognized as cost of sales for the years ended December 31, 2023, 2024 and 2025 amounted to RMB1,104,885,000, RMB1,369,481,000 and RMB1,825,352,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	72,136	93,880	239,136
Raw materials	58,802	17,866	17,514
Work in progress	13,347	2,788	1,734
Consigned processing materials	7,099	9,916	12,543
Contract fulfilment costs	593	612	–
	151,977	125,062	270,927
Less: Provision for impairment loss	(13,098)	(11,277)	(7,543)
	138,879	113,785	263,384

22 TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	187,601	236,271	350,919
Less: loss allowance *(Note 3.1.2)*	(10,236)	(10,973)	(12,616)
	177,365	225,298	338,303

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– From subsidiaries	342,671	288,026	415,756
– From third parties	174,190	227,314	332,054
	516,861	515,340	747,810
Less: loss allowance	(9,679)	(10,726)	(12,039)
	507,182	504,614	735,771

The carrying amounts of trade receivables approximate their fair value. The Group's and the Company's trade receivables are mainly denominated in RMB and USD.

(a) The Group and the Company grants the credit period ranging from 30 days to 90 days to its trade customers. The ageing analysis of the trade receivables based on date of revenue recognition is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	148,526	161,818	257,725
Between 3 and 6 months	30,605	30,594	86,318
Between 6 months and 1 year	6,543	39,246	4,601
Between 1 and 2 years	1,927	4,006	755
Over 2 years	–	607	1,520
	187,601	236,271	350,919

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	349,871	334,660	656,080
Between 3 and 6 months	150,822	137,385	85,343
Between 6 months and 1 year	9,147	38,703	4,112
Between 1 and 2 years	7,021	4,005	755
Over 2 years	–	587	1,520
	516,861	515,340	747,810

(b) Recognition and measurement of trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1.2 for a description of the Group's impairment policies.

23 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayment to suppliers *(i)*	15,544	16,300	22,012
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT to be deducted	26,891	50,893	44,829
VAT refund receivable	1,071	102	836
Prepaid income tax	1,548	11,378	7,835
Right-of-return assets	11,305	7,030	10,640
Others	57	3,805	7,727
Total prepayments and other assets	56,416	89,508	99,680
Platform deposits	33,638	35,703	50,453
Deposits	6,103	5,666	5,830
Others	1,153	1,533	2,128
Less: loss allowance *(Note 3.1.2)*	(111)	(252)	(312)
Total other receivables	40,783	42,650	58,099
Less: non-current prepayments, other receivables and other assets	(7,385)	(6,805)	(18,896)
Total prepayments, other receivables and other assets	89,814	125,353	138,883

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayment to suppliers *(i)*	10,212	11,452	15,955
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT to be deducted	15,812	15,887	42,315
VAT refund receivable	1,060	–	836
Prepaid income tax	–	9,132	6,857
Right-of-return assets	5,195	3,059	2,985
Others	56	24	–
Total prepayments and other assets	32,335	39,554	74,749
Due from subsidiaries *(iii)*	188,413	144,160	5
Deposits	5,959	4,822	3,605
Platform deposits	248	198	211
Others	574	752	937
Less: loss allowance	(73)	(72)	(56)
Total other receivables	195,121	149,860	4,702
Less: non-current prepayments, other receivables and other assets	(3,033)	(2,614)	(10,044)
Total prepayments, other receivables and other assets	224,423	186,800	69,407

(i) The non-current portion of prepayments mainly comprise prepaid construction equipment.

(ii) The carrying amounts of other receivables approximated to their fair values.

(iii) The balances due from subsidiaries were non-trade in nature, unsecured, interest-free and collectable on demand.

(iv) The Group's and the Company's other receivables are mainly denominated in RMB and USD.

24 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	252,612	408,975	200,134
Cash held in other financial institutions *(ii)*	48,920	54,511	77,176
	301,532	463,486	277,310

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	201,957	270,240	119,708
Cash held in other financial institutions *(ii)*	2,862	5,213	3,237
	204,819	275,453	122,945

(i) The carrying amount of the Group's cash and cash equivalents approximated to its fair value as at December 31, 2023, 2024 and 2025.

(ii) Cash held in other financial institutions represented balances of cash from sales to end customers kept in third-party payment platforms which can be withdrawn at any time at the Group's discretion.

(iii) Cash and cash equivalents was denominated in the following currencies:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	97,493	126,986	83,501
USD	163,296	205,352	130,644
HKD	712	13,357	18,766
EUR	17,404	94,741	24,275
GBP	7,933	7,992	3,996
Others	14,694	15,058	16,128
	301,532	463,486	277,310

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	133,797	141,431	67,395
RMB	68,232	68,659	42,527
EUR	807	63,490	2,226
Others	1,983	1,873	10,797
	204,819	275,453	122,945

(iv) Classification as cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

(b) Restricted cash

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash *(i)*	29,033	17,284	55,103

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash *(i)*	22,485	13,031	54,932

(i) Restricted cash mainly comprised of guaranteed deposits pledged for bank acceptance notes issuance and derivatives financial instruments.

25 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

The Group and the Company

	Number of shares in issue	Share capital
		RMB'000
As at January 1, 2023	84,620,000	84,620
Capitalization of capital reserve *(i)*	279,246,000	279,246
As at December 31, 2023 and 2024	363,866,000	363,866
Capitalization Issue *(ii)*	29,546,551	29,547
As at December 31, 2025	393,412,551	393,413

(i) On September 25, 2023, the directors proposed to issue 33 new shares for every 10 existing shares of the Company to the shareholders by transferring reserve to share capital, which was approved by the shareholders of the Company. An issuance of 279,246,000 shares was completed in November 2023, and approximately RMB279,246,000 was transferred from capital reserve to share capital.

(ii) As described in Note 8 (i), the Company issued 29,546,551 shares to the Series A Investors on July 25, 2025 and approximately RMB29,547,000 was transferred from capital reserve to share capital.

(b) Treasury shares

The Group and the Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	508,482	–	–
Derecognition of redemption liabilities *(Note 32)*	(508,482)	–	–
At the end of the year	–	–	–

26 RESERVES

The Group

	Capital reserve	Share based payment reserve	Statutory surplus reserve	Foreign currency translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	599,959	1,045	10,424	(337)	611,091
Share-based compensation expenses	–	1,628	–	–	1,628
Capitalization of capital reserve *(Note 25)*	(279,246)	–	–	–	(279,246)
Derecognition of redemption liabilities *(Note 32)*	102,310	–	–	–	102,310
Profit appropriations to statutory reserves	–	–	18,615	–	18,615
Other comprehensive loss	–	–	–	(463)	(463)
At December 31, 2023	423,023	2,673	29,039	(800)	453,935
At January 1, 2024	423,023	2,673	29,039	(800)	453,935
Share-based compensation expenses	–	8,329	–	–	8,329
Profit appropriations to statutory reserves	–	–	1,537	–	1,537
Other comprehensive loss	–	–	–	(88)	(88)
At December 31, 2024	423,023	11,002	30,576	(888)	463,713
At January 1, 2025	423,023	11,002	30,576	(888)	463,713
Share-based compensation expenses	–	15,417	–	–	15,417
Issuance of shares to investors *(Note 8(i))*	–	158,950	–	–	158,950
Capitalization Issue *(Note 8(i), 25)*	(29,547)	–	–	–	(29,547)
Other comprehensive income	–	–	–	125	125
At December 31, 2025	393,476	185,369	30,576	(763)	608,658

The Company

	Capital reserve	Share based payment reserve	Statutory surplus reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	599,959	1,045	10,424	611,428
Profit appropriations to statutory reserves	–	–	18,615	18,615
Share-based compensation expenses	–	1,628	–	1,628
Capitalization of capital reserve *(Note 25)*	(279,246)	–	–	(279,246)
Derecognition of redemption liabilities *(Note 32)*	102,310	–	–	102,310
At December 31, 2023	423,023	2,673	29,039	454,735
At January 1, 2024	423,023	2,673	29,039	454,735
Profit appropriations to statutory reserves	–	–	1,537	1,537
Share-based compensation expenses	–	8,329	–	8,329
At December 31, 2024	423,023	11,002	30,576	464,601
At January 1, 2025	423,023	11,002	30,576	464,601
Share-based compensation expenses	–	15,417	–	15,417
Issuance of shares to investors *(Note 8(i))*	–	158,950	–	158,950
Capitalization Issue *(Note 8(i), 25)*	(29,547)	–	–	(29,547)
At December 31, 2025	393,476	185,369	30,576	609,421

27 RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	59,380	169,822	257,042
Net profit/(loss) attributable to owners of the Company	129,057	88,757	(182,561)
Appropriation to statuary reserves	(18,615)	(1,537)	–
At the end of the year	169,822	257,042	74,481

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	59,770	227,308	241,144
Net profit/(loss)	186,153	15,373	(230,415)
Appropriation to statuary reserves	(18,615)	(1,537)	–
At the end of the year	227,308	241,144	10,729

28 SHARE-BASED COMPENSATION

Employee share incentive scheme

Since 2020, share incentive plans were established by the Company and Mr. Chen Chun, Mr. Ao Danjun, Mr. Liu Huilin and Mr. Tang Jingke (the "Founders") to grant restricted shares to the employees of the Group (the "Participants") for the purpose of attracting and retaining suitable personnel to enhance the development of the Group.

The four limited partnerships were set up by the Founders, as the employee shareholding platform ("ESOP Platform") to hold the shares granted to employees respectively. On December 15, 2020, each of the Founders and their respective ESOP Platform entered into a capital subscription agreement with the Company, pursuant to which the Company issued 1,500,000 ordinary shares to each of ESOP Platform, which was fully funded by the Founders.

On December 29, 2020, 144,400 restricted shares were granted to the 34 Participants with grant price of RMB7 (2020 share incentive plan), while the fair value per share of the restricted share at the grant date was estimated to be RMB22.67.

On November 6 and December 11, 2023, 3,537,400 restricted shares were granted to the 179 Participants with a grant price of RMB15.00 (2023 share incentive plan), while the fair value per share of the restricted share at the grant date was estimated to be RMB9.11.

On July 25, 2025, 7,529,300 restricted shares and 3,440,000 restricted shares were granted to the 51 Participants with a grant price of RMB3.70 and 1 Participant with a grant price of RMB3.49 (2025 share incentive plan), while the fair value per share of the restricted shares at the grant date was estimated to be RMB2.64 and RMB2.85, respectively.

The restricted shares granted to the Participants were regarded as equity-settled share-based payment, and the restricted shares are conditional upon the successful completion of an [**REDACTED**] and the fulfillment of a specified service period. If a Participant ceased to be employed by the Group within this period, the granted shares would be forfeited, and the forfeited shares would be purchased back by the Founders at the price prescribed in the share incentive plans.

The directors determined the share-based payment expenses at date of grant of shares with reference to the estimation of the timing of successful [**REDACTED**] as well as the estimated retention rate. As at the date of grant of the shares and up to December 31, 2023, 2024 and 2025, the Group assessed that it is probable that the performance condition (i.e. [**REDACTED**]) will be achieved in the foreseeable future and share based payment expenses were recognized accordingly. The estimated amount of share-based payment expenses is amortized over the vesting period of the shares grant.

The share-based compensation expenses recognized during the Track Record Period were summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share-based compensation expenses	1,628	8,329	15,417

Set out below are the movement in the number of granted restricted shares under the Share Incentive Plans:

	Number of restricted share	Weighted average grant date fair value per restricted share
		RMB
Outstanding balance as at January 1, 2023	131,700	22.67
Granted during the year	3,537,400	9.11
Forfeited due to resignation	(12,300)	22.67
The impact of capital reserve capitalization	12,067,440	2.22
Outstanding balance as at December 31, 2023	15,724,240	2.22
Forfeited due to resignation	(1,736,340)	2.12
Outstanding balance as at December 31, 2024	13,987,900	2.24
Granted during the year	10,969,300	2.71
Forfeited due to resignation	(2,205,986)	2.70
Outstanding balance as at December 31, 2025	22,751,214	2.42

The weighted-average remaining contract life for outstanding restricted shares was 3.54 years, 2.53 years and 1.23 years as at December 31, 2023, 2024 and 2025, respectively.

Fair value

The directors have used the discounted cash flow model to determine the fair value of the restricted shares as at the respective grant dates, which is to be expensed over the relevant vesting period. The fair value was estimated at RMB3,274,000, RMB32,226,000 and RMB29,681,000 by an independent valuer on respective grant dates.

Key assumptions are set as below:

	2020 share incentive plan	2023 share incentive plan	2025 share incentive plan
Terminal growth rate	2.0%	2.0%	2.0%
Discount rate	17.9%	15.3%	15.7%

The Group has to estimate the expected yearly percentage of the Participants that will stay within the Group at the end of the vesting periods of the share options (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statements of comprehensive income. As at December 31, 2023, 2024 and 2025, the Expected Retention Rate were assessed to be 90.7%, 89.0% and 92.6%, respectively.

Shares issued to shareholders

For the share-based compensation in relation to the 29,546,551 shares issued to the Series A Investors, details refer to Note 8 (i).

29 DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– Deferred income tax assets to be recovered after more than 12 months	14,078	22,717	48,809
– Deferred income tax assets to be recovered within 12 months	30,147	26,729	41,031
Total deferred income tax assets	44,225	49,446	89,840
Set-off of deferred income tax liabilities pursuant to set-off provision	(4,698)	(2,400)	(11,143)
Net deferred income tax assets	39,527	47,046	78,697
Deferred income tax liabilities:			
– Deferred income tax liability to be recovered after more than 12 months	2,873	1,161	6,665
– Deferred income tax liability to be recovered within 12 months	1,825	1,239	4,478
Total deferred income tax liabilities	4,698	2,400	11,143
Set-off of deferred income tax assets pursuant to set-off provision	(4,698)	(2,400)	(11,143)
Net deferred income tax liabilities	–	–	–

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– Deferred income tax assets to be recovered after more than 12 months	1,412	13,577	37,437
– Deferred income tax assets to be recovered within 12 months	9,986	10,167	11,934
Total deferred income tax assets	11,398	23,744	49,371
Set-off of deferred income tax liabilities pursuant to set-off provision	(3,777)	(1,643)	(8,285)
Net deferred income tax assets	7,621	22,101	41,086
Deferred income tax liabilities:			
– Deferred income tax liability to be recovered after more than 12 months	1,952	459	6,092
– Deferred income tax liability to be recovered within 12 months	1,825	1,184	2,193
Total deferred income tax liabilities	3,777	1,643	8,285
Set-off of deferred income tax assets pursuant to set-off provision	(3,777)	(1,643)	(8,285)
Net deferred income tax liabilities	–	–	–

The movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) Deferred income tax assets

The Group

	Tax Losses	Loss allowance and impairment provision	Lease liability	Unrealized profit of intra-group sales	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,600	3,357	6,196	1,037	2,297	14,487
Credited/(charged) to profit or loss	11,042	1,353	(2,651)	15,028	4,925	29,697
Currency translation differences	25	–	–	–	16	41
At December 31, 2023	12,667	4,710	3,545	16,065	7,238	44,225
At January 1, 2024	12,667	4,710	3,545	16,065	7,238	44,225
Credited/(charged) to profit or loss	10,022	3,569	(2,067)	(7,964)	1,637	5,197
Currency translation differences	21	3	–	–	–	24
At December 31, 2024	22,710	8,282	1,478	8,101	8,875	49,446
At January 1, 2025	22,710	8,282	1,478	8,101	8,875	49,446
Credited to profit or loss	19,044	2,337	7,847	6,147	5,053	40,428
Currency translation differences	(23)	(11)	–	–	–	(34)
As December 31, 2025	41,731	10,608	9,325	14,248	13,928	89,840

The Company

	Tax Losses	Loss allowance and impairment provision	Lease liability	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	2,878	6,170	1,849	10,897
Credited/(charged) to profit or loss	–	549	(2,625)	2,577	501
At December 31, 2023	–	3,427	3,545	4,426	11,398
At January 1, 2024	–	3,427	3,545	4,426	11,398
Credited/(charged) to profit or loss	13,577	(116)	(2,095)	980	12,346
At December 31, 2024	13,577	3,311	1,450	5,406	23,744
At January 1, 2025	13,577	3,311	1,450	5,406	23,744
Credited/(charged) to profit or loss	17,395	(367)	6,619	1,980	25,627
As December 31, 2025	30,972	2,944	8,069	7,386	49,371

(b) Deferred income tax liabilities

The Group

	Right-of-use assets	Super deduction on fixed assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	5,433	103	410	5,946
(Credited)/charged to profit or loss	(2,498)	(33)	1,283	(1,248)
At December 31, 2023	2,935	70	1,693	4,698

	Right-of-use assets	Super deduction on fixed assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	2,935	70	1,693	4,698
Credited to profit or loss	(1,725)	(29)	(544)	(2,298)
At December 31, 2024	1,210	41	1,149	2,400
At January 1, 2025	1,210	41	1,149	2,400
Charged/(credited) to profit or loss	7,815	(28)	956	8,743
As December 31, 2025	9,025	13	2,105	11,143

The Company

	Right-of-use assets	Super deduction on fixed assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	5,409	3	410	5,822
(Credited)/charged to profit or loss	(2,474)	–	429	(2,045)
At December 31, 2023	2,935	3	839	3,777
At January 1, 2024	2,935	3	839	3,777
Credited to profit or loss	(1,751)	(3)	(380)	(2,134)
At December 31, 2024	1,184	–	459	1,643
At January 1, 2025	1,184	–	459	1,643
Charged/(credited) to profit or loss	6,653	–	(11)	6,642
As December 31, 2025	7,837	–	448	8,285

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefits through the future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods.

30 BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Secured borrowings *(ii)*	35,156	56,047	36,188
Unsecured borrowings	60,050	60,053	194,040
	95,206	116,100	230,228
Non-Current			
Secured borrowings *(ii)*	182,860	244,029	245,721
	182,860	244,029	245,721

(i) The weighted average effective interest rates per annum for the years ended December 31, 2023, 2024 and 2025 were 4.27%, 4.05% and 2.29%, respectively.

(ii) As at December 31, 2023, 2024 and 2025, the Group pledged buildings and construction in progress included in property, plant and equipment with total net book amount of approximately RMB377,620,000, RMB559,840,000 and RMB539,162,000 and land use rights included in right-of-use assets with net book amount of approximately RMB40,236,000, RMB39,387,000 and RMB38,540,000 for the bank borrowings of RMB218,016,000, RMB300,076,000 and RMB281,909,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Unsecured borrowings	60,050	60,053	60,040

The weighted average effective interest rates per annum for the years ended December 31, 2023, 2024 and 2025 were 3.12%, 3.00% and 2.55% respectively.

As at December 31, 2023, 2024 and 2025, the Group's and the Company's borrowings were all denominated in RMB.

31 TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and note payables			
– Trade payables	359,120	397,361	441,274
– Notes payables	132,668	176,487	308,244
	491,788	573,848	749,518

As at December 31, 2023, 2024 and 2025, the aging analysis of the trade payables based on the invoice date were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	324,725	387,273	416,325
3 to 6 months	22,059	3,577	8,473
6 months to 1 year	2,487	1,113	9,414
Over 1 year	9,849	5,398	7,062
	359,120	397,361	441,274

The carrying amounts of the trade payables approximate their fair values due to their short-term maturities.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and note payables			
– Trade payables	332,319	146,311	250,594
– Notes payables	132,668	176,487	442,244
	464,987	322,798	692,838

As at December 31, 2023, 2024 and 2025, the aging analysis of the trade payables based on the invoice date were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	319,257	142,918	245,485
3 to 6 months	2,848	1,207	1,618
6 months to 1 year	2,320	552	2,488
Over 1 year	7,894	1,634	1,003
	332,319	146,311	250,594

32 REDEMPTION LIABILITIES

The Group and the Company

On June 24, 2021, the Company has completed Series A Financing from shareholders by the issuance of 6,620,000 ordinary shares at the subscription price of approximately RMB76.81 per ordinary share for a total cash consideration of RMB508,482,000 to the Series A Investors. At the same time, the Company agreed with the shareholders in a separate agreement (the "first Shareholders' agreement") to grant the Series A Investors with redemption rights, liquidation preference and anti-dilution right, etc. (collectively referred as "Redeemable rights").

Movement of the redemption liabilities is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	570,336	–	–
Interest expenses on redemption liabilities *(Note 10)*	40,456	–	–
Derecognition of redemption liabilities *(i)*	(610,792)	–	–
At the end of the year	–	–	–

(i) Recognition and derecognition of redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or other financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligations to purchase are conditional on the counterparty exercising a right to redeem.

The Group recognized the financial instruments with redemption rights as liabilities considering that not all triggering events for triggering exercise of redemption rights (more details about the preferred rights are set out below or in the later part of this note), are out of the control of the Group.

The redemption liabilities are initially measured at the present value of the amount expected to be paid to the investors upon redemption with subsequent changes in the carrying amount charged as finance costs in profit or loss. The Group derecognizes redemption liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The carrying amount of the financial liabilities derecognized was credited into the equity if the redemption liabilities expire, cancel and terminate without exercise.

The redemption liabilities are classified as current liabilities unless these preferential rights can only be exercised 12 months after the end of the reporting period, in that case they are classified as non-current liabilities.

(ii) The key terms of the redemption liabilities, which are relevant for the accounting treatment are summarized as follows:

Redemption rights

The shareholders of redemption liabilities have the right to require redemption from the Company and/or the Founders if the Group failed to complete the qualified [**REDACTED**] before December 31, 2025, or occurrence of certain events as defined in the shareholder agreement.

The redemption price shall be the higher of the following two amounts: (i) 100% of the subscription price of the Company's equity held by each holder, plus the income calculated based on a simple interest rate of 8% per annum from the actual time of investment (deducting any dividends already distributed); (ii) the net asset value of the Company corresponding to the redemption share at that time.

Liquidation preference

The Liquidation Events are defined to include: (i) with the unanimous written consent of all shareholders; (ii) the Company is unable to conduct normal business activities for a consecutive period of 180 days due to force majeure events, and upon the proposal of shareholders holding more than 75% of the voting rights (provided that such shareholders representing more than 75% of the voting rights must include the majority of investors); or (iii) other causes of dissolution as stipulated in the Company Law of the People's Republic of China.

Upon Liquidation Event, whether voluntary or involuntary, before any distribution or payment shall be made to the ordinary shareholders, each holder of preferred shares shall be prior entitled to receive liquidation amount.

Anti-dilution right

If the Company increases its paid-in capital (except for employee incentive plan) at a price lower than the price paid by Series A Investors of the Company on a per paid-in capital basis, Series A Investors have a right to require: (i) the Company to issue new paid-in capital to the Series A Investors for lowest price permitted by law; (ii) the founders transfer shares to the Series A Investors; (iii) the Company or the founders to pay cash consideration to the Series A Investors so that the total amount paid by the Series A Investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

The directors of the Company considered that the fair value of the anti-dilution right was immaterial and therefore no derivative liability was recognized by the Group.

(iii) Termination of redemption liabilities

On December 29, 2023, the Company, the Founders and the Series A Investors entered into an agreement (the "second Shareholders' agreement") to terminate the obligation of redemption rights, liquidation preference and anti-dilution right against the Company with immediate effect. As a result, the Company transferred the balance of redemption liabilities to capital reserve and treasury shares. Considering the Company is not a party to the redemption rights since December 29, 2023, there were no redemption liabilities recognized as at December 31, 2023, 2024 and 2025.

The Company did not provide any guarantee in respect of the obligation of redemption rights borne by the Controlling Shareholders during the Track Record Period.

33 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accrued payroll and welfare	35,679	46,126	40,771
Other taxes payables	26,008	26,802	35,839
Accrued expenses	16,494	23,432	34,255
Provisions	15,494	19,473	31,657
Deposits payables	1,124	1,170	1,482
Refund liabilities	16,728	12,801	20,697
Payable related to [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	2,506	284	2,813
	114,033	130,088	169,311

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries *(i)*	11,933	21,853	2,909
Accrued payroll and welfare	26,716	29,428	20,946
Other taxes payables	2,177	2,727	2,262
Accrued expenses	10,972	13,888	21,643
Provisions	9,698	10,515	18,683
Deposits payables	775	856	1,105
Refund liabilities	7,885	4,506	4,389
Payable related to [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	2,490	13	1,002
	72,646	83,786	74,736

(i) The balances due to subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

34 CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before income tax	134,859	89,230	(206,237)
Adjustments for:			
– Share-based compensation expenses *(Note 28)*	1,628	8,329	15,417
– Issuance of shares and special dividends to Investors	–	–	240,307
– Depreciation of property, plant and equipment *(Note 14)*	20,922	33,794	41,912
– Amortization of intangible assets *(Note 16)*	1,789	2,067	2,765
– Depreciation of right-of-use assets *(Note 15)*	20,102	16,844	18,097
– Net losses on disposal of property, plant and equipment and other assets *(Note 8)*	2	90	324
– Net gains on financial asset at FVPL *(Note 8)*	(926)	(1,342)	(1,633)
– Net gains on derivatives financial instruments *(Note 8)*	(2,630)	(1,258)	(2,539)
– Interest income from term deposit *(Note 7)*	(3,932)	(1,115)	(250)
– Interest income from bank deposits *(Note 10)*	(6,635)	(5,445)	(5,895)
– Interest expenses on lease liabilities *(Note 10)*	1,611	1,027	1,517
– Interest expenses on borrowings	7,206	14,145	12,630
– Interest expenses on redemption liabilities *(Note 10)*	40,456	–	–
– Net impairment (reversal)/losses on financial assets	(292)	1,253	3,176
– Impairment provision for inventories	14,011	19,262	40,756
– Net foreign exchange gains	(1,392)	(5,253)	(3,729)
Operating cashflows before changes in working capital	226,779	171,628	156,618
Changes in working capital:			
– Restricted cash	(14,168)	11,749	(37,819)
– Inventories	(186,613)	(101,207)	(236,779)
– Trade receivables	(1,589)	(49,045)	(116,109)
– Prepayments, other receivables and other assets	(55,255)	(29,589)	(22,272)
– Contract liabilities	13,633	39,078	(23,474)
– Trade and notes payables	155,415	127,629	173,594
– Other payables and accruals, and other liabilities	48,059	20,484	42,217
Cash generated from/(used in) operations	186,261	190,727	(64,024)

(b) Non-cash investing and financing activities

The non-cash investing and financing transactions mainly included the derecognition of redemption liabilities, the derecognition of accounts receivable factoring and the additions of the right-of-use assets for the years ended December 31, 2023, 2024 and 2025.

(c) Reconciliation of liabilities arising from financing activities

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Borrowings	278,066	360,129	475,949
Lease liabilities	23,631	14,540	65,006
	301,697	374,669	540,955

	Other payables and accruals	Borrowings	Redemption liabilities	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At t January 1, 2023	71,000	266,586	570,336	41,308	949,230
Cash flows	(71,000)	58,435	–	(21,505)	(34,070)
Interest paid for borrowings	–	(14,825)	–	–	(14,825)
Interest expense accrued	–	14,864	40,456	1,611	56,931
Transfer to reserves	–	–	(610,792)	–	(610,792)
Other non-cash movements *(i)*	–	(46,994)	–	2,217	(44,777)
At t December 31, 2023	–	278,066	–	23,631	301,697
At January 1, 2024	–	278,066	–	23,631	301,697
Cash flows	–	81,969	–	(18,829)	63,140
Interest paid for borrowings	–	(16,294)	–	–	(16,294)
Interest expense accrued	–	16,388	–	1,027	17,415
Other non-cash movements *(i)*	–	–	–	8,711	8,711
At December 31, 2024	–	360,129	–	14,540	374,669
At January 1, 2025	–	360,129	–	14,540	374,669
Cash flows	–	116,021	–	(18,018)	98,003
Interest paid for borrowings	–	(12,831)	–	–	(12,831)
Interest expense accrued	–	12,630	–	1,517	14,147
Other non-cash movements *(i)*	–	–	–	66,967	66,967
At December 31, 2025	–	475,949	–	65,006	540,955

(i) Other non-cash movement mainly included additions or early termination of lease.

35 COMMITMENTS

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for purchase of property, plant and equipment	175,971	2,760	3,050

36 SIGNIFICANT RELATED PARTIES' TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or joint control. Members of key management and their close family members of the Group are also considered as related parties.

In opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Key management compensation

The compensations paid or payable by the Group to key management for employee services are shown below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share-based compensation expenses	80	530	464
Wages, salaries, and bonuses	4,551	5,819	5,665
Pension costs — defined contribution plans	225	257	303
Other social security costs, housing benefits and other employee benefits	715	273	293
	5,571	6,879	6,725

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accrued payroll and employee benefit expenses	688	1,093	460

(b) On July 25, 2025, the Company, the Controlling Shareholders and the Series A Investors entered into a Shareholders' agreement, pursuant to which the Series A Investors agreed to amend the redemption terms and the Company agreed to (i) distribute a total of approximately RMB81,357,000 cash dividend; and (ii) issue 29,546,551 shares with a fair value of RMB158,950,000 to the Series A Investors only on a pro rata basis. See Note 8(i) for details.

37 CONTINGENT LIABILITIES

(a) The Company was involved in a litigation with a 3D scanner manufacturer. As at the date of this report, the relevant case was still ongoing. Based on management's assessment and consultation with its defense lawyer, the potential liability is immaterial. Therefore, no provision has been made by the Group as at December 31, 2023, 2024 and 2025.

(b) The Company is aware of certain complaints regarding unauthorized use of certain software. Based on management's assessment and consultation with its legal counsel, the risk that the Company being held liable for infringement is remote. Therefore, no provision has been made by the Group as at December 31, 2025.

Apart from the aforementioned matters, the Group had no material contingent liabilities as at December 31, 2023, 2024 and 2025.

38 SUBSEQUENT EVENTS

There are no material events subsequent to the December 31, 2025 and up to the date of this report.

39 INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries			
– Capital injection to subsidiaries	397,135	415,135	434,469
– Deemed investments arising from equity settled share-based payments	126	1,125	3,337
	397,261	416,260	437,806

The Company has direct and indirect interests in the following subsidiaries:

Name of entity	Note	Place and date of incorporation/ establishment and operations	Principal activities	Registered/ issued capital/paid-up capital	Percentage of attributable equity interest			
					As at December 31,			As of the date of this report
					2023	2024	2025	
Direct Interests:								
Shenzhen SuLiYin Technology Co., Ltd. 深圳市速立印科技有限公司	(e), (i)	PRC, August 6, 2018	Investment holding	RMB4,000,000/ RMB4,000,000	100%	100%	100%	100%
Beijing Creality 3D Technology Co., Ltd. 北京創想三維科技有限公司	(c)	PRC, May 8, 2019	Sales and marketing	RMB2,100,000/ RMB2,100,000	100%	100%	100%	100%
Shanghai Creality 3D Technology Co., Ltd. 上海創想三維科技有限公司	(c)	PRC, November 17, 2020	Sales and marketing	RMB1,000,000/ RMB1,000,000	100%	100%	100%	100%
Guangzhou Creality 3D Software Co., Ltd. 廣州市創想三維軟件有限公司	(h)	PRC, December 13, 2024	Research and development	RMB5,000,000/ RMB4,000,000	N/A	100%	100%	100%
Shenzhen Creality 3D E-Commerce Co., Ltd. 深圳市創想三維電子商務有限公司	(h)	PRC, October 31, 2024	Sales and marketing	RMB1,000,000/ RMB1,000,000	N/A	100%	100%	100%
Shenzhen Creality Eco Innovation Technology Co., Ltd. 深圳市創想生態創新科技有限公司	(d), (i)	PRC, November 22, 2017	Research and development, manufacturing and sales	RMB20,000,000/ RMB20,000,000	100%	100%	100%	100%
Shenzhen Piocreat 3D Technology Co., Ltd. 深圳市創想三帝科技有限公司	(d), (i)	PRC, November 11, 2015	Research and development, manufacturing and sales	RMB20,000,000/ RMB20,000,000	100%	100%	100%	100%
Huizhou Creality 3D Technology Co., Ltd. 惠州市創想三維科技有限公司	(d), (i)	PRC, December 1, 2020	Research and development, manufacturing	RMB190,000,000/ RMB190,000,000	100%	100%	100%	100%
Hubei Creality 3D Technology Co., Limited 湖北創想三維科技有限公司	(d), (i)	PRC, July 28, 2020	Research and development, manufacturing	RMB180,000,000/ RMB180,000,000	100%	100%	100%	100%
Hong Kong Creality 3D Investment Co., Limited香港創想三維投資有限公司	(g), (i)	Hong Kong, March 9, 2021	Investment holding, sales and marketing	HKD1,000,000/ HKD1,000,000	100%	100%	100%	100%
Creality 3D (HK) Technology Limited 香港創想三維科技有限公司	(g), (i)	Hong Kong, July 4, 2019	Sales and marketing	HKD1,000,000/ HKD1,000,000	100%	100%	100%	100%
Shenzhen Creality Xingjiang Technology Co., Ltd. 深圳市創想星匠科技有限公司	(k)	PRC, May 9, 2025	3D Printing Services	RMB20,000,000/ RMB8,000,000	N/A	N/A	100%	100%

Name of entity	Note	Place and date of incorporation/ establishment and operations	Principal activities	Registered/ issued capital/paid-up capital	Percentage of attributable equity interest			
					As at December 31,			As of the date of this report
					2023	2024	2025	
Shenzhen NexusMake Technology Co., Ltd. 深圳市創想萬物科技有限公司 .	(k)	PRC, June 6, 2025	3D Printing Services	RMB5,000,000/ RMB5,000,000	N/A	N/A	100%	100%
Indirect interests:								
Beijing Creality Kangnuo Technology Co., Ltd. 北京創想康諾科技有限公司 . .	(h)	PRC, July 16, 2024	3D printing services	RMB1,000,000/ RMB700,000	N/A	70%	70%	70%
Creality 3D Technology (Europe) GmbH 創想三維(歐洲)科技有限公司 . . .	(f), (j), (i)	Germany, February 22, 2022	Sales and marketing	EUR 100,000/ EUR 100,000	100%	100%	100%	100%
Creality 3D Technology LLC 創想三維科技有限公司 . .	(c)	America, November 30, 2021	Sales and marketing	USD50,000/ USD50,000	100%	100%	100%	100%
Piocreat 3D Technology Inc. 美國創想三帝科技有限公司	(k)	America, April 7, 2025	Sales and marketing	USD50,000/ Nil	N/A	N/A	100%	100%
Creality Ecosystem (US) Inc. 創想三維生態(美國)有限公司	(k)	America, June 3, 2025	Sales and marketing	USD100,000/ USD100,000	N/A	N/A	100%	100%
Piocreat 3D (HK) Technology Limited 香港創想三帝科技有限公司.	(i)	Hong Kong, June 6, 2025	Sales and marketing	HKD1,000,000/ Nil	N/A	N/A	100%	100%
Creality 3D (Shenzhen) Technology Co., Ltd 創想三維(深圳)技術有限公司 .	(k)	PRC, July 31, 2025	Sales and marketing	RMB20,000,000/ Nil	N/A	N/A	100%	100%
NexusMake International Limited 創想萬物國際有限公司	(i)	Hong Kong, August 13, 2025	Sales and marketing	HKD5,000,000/ Nil	N/A	N/A	100%	100%
Chuangxiang (HK) Logistic Limited 香港創想物流有限公司	(i)	Hong Kong, September 19, 2025	Sales and marketing	HKD100,000/ Nil	N/A	N/A	100%	100%

(a) All entities comprising the Group are limited liability companies and have adopted December 31, as their financial year end.

(b) The English names of the subsidiaries incorporated in the PRC represent management's best efforts in translating the Chinese names of those entities as no English names have been registered or are available.

(c) No audited statutory financial statements have been prepared for these subsidiaries for the years ended December 31, 2023, 2024 and 2025.

(d) The PRC statutory financial statements of these entities for the years ended December 31, 2023 and 2024 was audited by Shenzhen Xinpeng Certified Public Accountants (General Partnership) (深圳鑫鵬會計師事務所(普通合夥)).

(e) The PRC statutory financial statements of this entity for the year ended December 31, 2024 was audited by Shenzhen Xinpeng Certified Public Accountants (General Partnership) (深圳鑫鵬會計師事務所(普通合夥)), no audited statutory financial statements have been prepared for the years ended December 31, 2023.

(f) No audited statutory financial statements have been prepared for the year ended December 31, 2023.

(g) The audited financial statements of these entities for the years ended December 31, 2023 and 2024 were audited by OCG CPA LIMITED.

(h) No audited statutory financial statements have been prepared for these subsidiaries for the year ended December 31, 2024 and 2025.

(i) The audit of these companies for the year ended December 31, 2025 are still in progress, the audited financial statements for the year ended December 31, 2025 of which have not been issued.

(j) The audit of this company for the year ended December 31, 2024 are still in progress, the audited financial statements for the year ended December 31, 2024 of which have not been issued.

(k) No audited statutory financial statements have been prepared for these subsidiaries for the year ended December 31, 2025.

40 SUMMARY OF OTHER ACCOUNTING POLICIES

40.1 Principles of combination and equity accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

40.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Functional Currency of the Company and its subsidiaries in PRC is RMB. The functional currency of the overseas subsidiaries of the Group is HKD, USD and EUR. The historical financial information is presented in RMB, which is the Group's presentation currency.

(b) Transaction and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

All foreign exchange gains and losses impacting profit or loss are presented in the consolidated statements of comprehensive income within "other gains/(losses), net".

Translation differences on non-monetary financial assets and liabilities such as equities held at FVPL, are recognized in the consolidated statements of financial position as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

40.3 Impairment of non-financial assets

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.4 Property, plant and equipment

The Group's accounting policy for property, plant and equipment is explained in Note 14. All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.3).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

40.5 Leases

The Group as the lessee:

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

There were no variable payment terms contained in the leases of the Group.

There were no residual value guarantees are provided in relation to leases.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

No lease payments to be made under reasonably certain extension options are included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

40.6 Intangible assets

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Trademark rights	5 years
Software	3-5 years
Patents	10 years

Research and development

All research costs are charged to the income statement as incurred. Development costs are capitalised only when all the following conditions are met:

- the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; and
- its intention to complete and its ability to use or sell the asset; and
- how the asset will generate economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such); and
- the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and
- the ability to measure reliably the expenditure during the development.

Self-developed systems and software, when the development is done and ready for use, are stated at cost less any impairment losses. The development costs are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding ten years.

40.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other losses/gains, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statements.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other losses/gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses/gains, net, and impairment expenses are presented as separate line item in the income statements.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other losses/gains, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "other losses/gains, net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

40.8 Inventories

Raw materials, work in progress, consigned processing materials and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

40.9 Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted and pledged bank deposits are not included in cash and cash equivalents.

40.10 Share capital and capital reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

40.11 Trade and other payables

Trade and other payables represent liabilities for products and services provided to the Group prior to the end of each reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

40.12 Provisions

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

40.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

40.14 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(e) Share-based benefits of the Group

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. The fair value of equity instruments is determined using the binomial option pricing model. For details see Note 28.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or service conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

40.15 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

40.16 Interest income

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "Other income".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

40.17 Government grants

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 January 2026 of the selected property interests of the Group.

CONSULTING & APPRAISAL
亜太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

[●] 2026

The Board of Directors

Shenzhen Creality 3D Technology Co., Ltd.
18F, JinXiuHongDu Building, Meilong Blvd.,
Longhua District,
Shenzhen City,
Guangdong Province,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value the selected property interests held by Shenzhen Creality 3D Technology Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 January 2026 (the "**Valuation Date**").

The selected property interests form part of the Group's non-property activities that has a carrying amount of 15% or more of the Group's total assets and therefore the valuation report of this property interests is required to be included in this document.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Methods of Valuation

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the buildings and structures of the properties have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificates and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser —King & Wood, concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in June 2025 by Ms. Genma Liang who is a member of Certified Public Valuer and has 2 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G. D. Cheng
MRICS
Partner

Note: David G. D. Cheng is a Chartered Surveyor who has over 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

VALUATION CERTIFICATE

Property interests held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
			RMB
A parcel of land, 7 buildings and various structures located in No. 10 Qingchun Avenue, Chenjiang Subdistrict, Zhongkai Hi-Tech Zone, Huizhou, The PRC	The property comprises a parcel of land with a site area of approximately 50,149.00 sq.m. and 7 buildings and various ancillary structures erected thereon which were completed between 2023 and 2024. The 7 buildings have a total gross floor area of approximately 178,965.71 sq.m., include 5 workshops, a dormitory and a research building. The structures mainly include charging pile, pipe network, pipeline gas, street light, roads and boundary walls. The land use rights of the property have been granted to the Group for a term expiring on 21 April 2071 for industry use.	The property is currently occupied by the Group for production and ancillary purposes.	592,486,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — No. 441305-Z-[2021]-58 dated 22 April 2021 and No. 441305-Z-[2022]-27 dated 21 March 2022, the land use rights of a parcel of land with a total site area of approximately 50,149.00 sq.m. were contracted to be granted to Huizhou Chuangxiang 3D Technology Co., Ltd. (惠州市創想三維科技有限公司, "Huizhou Chuangxiang"), for a term of 50 years for industrial use commencing from the land delivery date. The land premium was totally RMB41,120,000.

2. Pursuant to a Real Estate Title Certificate — Yue (2025) Hui Zhou Shi Bu Dong Chan Quan Di No. 5030418, the land use rights of a parcel of land with a site area of approximately 50,149.00 sq.m. have been granted to Huizhou Chuangxiang for a term expiring on 21 April 2071 for industry use, and 7 buildings with a total gross floor area of approximately 178,965.71 sq.m. are owned by Huizhou Chuangxiang.

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

THE PRC TAXATION

Dividends Distribution

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the

Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions. After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. The company shall not distribute any profits in respect of the shares held by it.

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign invested enterprises; a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-PRC resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT on November 6, 2008, further clarifies that a PRC resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-PRC resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-PRC Resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT on July 24, 2009, further provides that any PRC resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-PRC resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the PRC regulatory authorities may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came into effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Non-PRC resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC resident companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the relevant PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the relevant PRC tax authorities.

Tax on Gains from Share Transfer

According to the IIT Law, the gains realized from the disposal of equity interests in PRC resident enterprise is subject to individual income tax rate of 20%.

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and the SAT on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Circular of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Income tax

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

On December 31, 2009, the Ministry of Finance, the SAT and China Securities Regulatory Commission jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關

於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

In accordance with the EIT Laws, a non-PRC resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-PRC resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, the SAT and the CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by PRC enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, we are not subject to tax in Hong Kong on the payment of dividends.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. [**REDACTED**] gains from [**REDACTED**] of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of [**REDACTED**] gains from [**REDACTED**] of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 《(2005年收入(取消遺產稅)條例》) came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the chapter **Regulatory Overview** of the document.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the "**SAFE**"), with the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**"), which was implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies, and pursuant to the latest amendment to the Foreign Exchange Control Regulations, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was implemented on July 1, 1996, abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE and came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment via the banks.

The Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular No. 21**"), which was effect from May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, specifies that the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended on December 12, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the "**Constitution**") and is made up of statutes, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (hereinafter referred to as the "**Legislation Law**"), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will come into effect after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly administered by the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (2018 Revision) (《中華人民共和國人民檢察院組織法》(2018修訂)), the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are divided into the Supreme People's Procuratorate, the local people's procuratorates at all levels, Military Procuratorates and other special people's procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts shall become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "**PRC Civil Procedure Law**") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012 and June 27, 2017, December 24, 2021 and September 1, 2023 respectively, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

THE PRC COMPANY LAW AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company incorporated in the PRC seeking a list on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") is mainly subject to the following laws and regulations of the PRC:

The Company Law was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively. The latest revised Company Law came into effect on July 1, 2024.

According to the Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC on February 17, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (hereinafter referred to as the "**PRC Guidelines on AoA**") promulgated by the CSRC on March 16, 2006 and latest amended on March 28, 2025, to standardize corporate governance.

Set out below is a summary of the major provisions of the Company Law and the PRC Guidelines on AoA which are applicable to the Company.

General

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with the laws and regulations, social morality and business ethics, be honest and faithful and accept the supervision of the government and the general public. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A company may be established by promotion or subscription. A company shall have a minimum of one but no more than 200 people as its promoters, over half of which must have a domicile within the PRC. The promoters of a joint-stock limited company established by way of public subscription shall convene a company establishment meeting within 30 days from the date when the subscribed capital of the company has been fully paid up. The promoters shall notify all subscribers of the date of the meeting at least 15 days before the establishment meeting or make a public announcement thereof. The establishment meeting may be held only if more than half of the voting rights held by the subscribers are present. The procedures for convening and voting at the establishment meeting of a joint-stock limited company established by way of initiation shall be stipulated in the articles of association or the promoters' agreement. The powers exercised by the establishment meeting include, but are not limited to, the adoption of the articles of association and the election of directors and supervisors of the company. Resolutions on the matters listed in the preceding paragraph at the establishment meeting must be passed by more than half of the voting rights held by the subscribers present at the meeting.

The board of directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority. A company established in accordance with the law shall be issued a business license by the company registration authority. The date of issuance of the company's business license is the date of establishment of the company.

Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

If the company fails to be established, the legal consequences incurred shall be undertaken by the shareholders at the time of the establishment of the company. If there are two or more shareholders at the time of the establishment, they shall enjoy the claims and assume the debts jointly and severally. If a shareholder at the time of the establishment of the company engages in the civil activities in its own name for the purpose of establishing the company, the third party has the right to request the company or such shareholder to assume the civil liability incurred. Where a shareholder at the time of the establishment of a company causes any damage to any other person due to fulfilling the duties for the establishment of the company, the company or the shareholder who is not at fault may, after making compensations, claim the compensation from the shareholder who is at fault.

Registered Shares

Shares in a company take the form of share certificates. Share certificates are certificates issued by the company evidencing the shares held by the shareholders. The shares issued by a company shall be registered shares.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items: (I) name and domicile of each shareholder; (II) class and number of shares subscribed for by each shareholder; (III) serial number of shares if the shares are issued in paper form; and (IV) date for each shareholder to obtain shares.

Increase in Share Capital

In the case of a joint-stock limited company issues new shares, the shareholders' meeting shall pass resolutions on the following matters: the category and amount of the new shares, the issue price of the new shares, the start and end dates of the new share issuance, the category of new shares to be issued to existing shareholders, the amount of the proceeds from the new share issuance to be credited to the registered capital, if the new shares are issued without a par value.

When a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the document. The shares to be offered to the general public by a company shall be underwritten by a lawfully established securities company, with which an underwriting agreement shall be concluded. Where a company intends to offer shares to the general public, it shall conclude an agreement with a bank on the collection of share capital on behalf of the company. After the share capital is raised by a company making offering of shares, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) To prepare a balance sheet and a property list. (2) A company makes a resolution at shareholders' general meeting to reduce its registered capital. (3) A company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital. (4) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice. (5) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Repurchase of Shares

Pursuant to the Company Law, a company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives or for employee stock ownership plan; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders.

The acquisition by a company of its own shares on the grounds set out in item (1) to (2) above shall be approved by way of a resolution of a shareholders' general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above maybe approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the shareholders' general meeting.

Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be cancelled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or cancelled within six months under the circumstances in items (2) or (4); the total shares held by the Company shall not exceed 10% of the total shares issued by the Company and such shares shall be transferred or cancelled within three years under the circumstances in items (3), (5) or (6).

A listed company shall perform its information disclosure obligations in accordance with the provisions of the PRC Securities Law when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading.

Transfer of Shares

The shares held by a shareholder of a joint stock limited company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. The share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council.

The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

The shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listing and trading on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listing and trading on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Shareholders

Under the Company Law, the rights of shareholders include the rights: (1) to receive dividends and other forms of distribution in accordance with the proportion of shares held or as stipulated in the articles of association. (2) to attend or appoint a proxy to attend shareholders' meetings and exercise voting rights. (3) to make suggestions or inquiries regarding the company's operations. (4) to transfer, donate, or pledge shares in accordance with laws, administrative regulations, and the articles of association. (5) to review and copy the articles of association, register of shareholders, records of shareholders' meetings, resolutions of the board of directors, resolutions of the board of supervisors, and financial accounting reports. (6) shareholders who individually or collectively hold more than three percent of the company's shares for at least 180 consecutive days have the right to review the company's accounting books and vouchers. (7) in the event of the company's dissolution or liquidation, to participate in the distribution of the company's remaining assets in proportion to the shares held. (8) any shareholder who objects to a shareholders' meeting resolution regarding company merger or division has the right to request the company to repurchase its shares. (9) other rights granted bylaws, administrative regulations, and the articles of association.

The obligations of shareholders include: (1) to comply with laws, administrative regulations and the articles of association. (2) to pay for the shares subscription and the method of contribution. (3) may not damage the interests of the company or of other shareholders by abusing its rights. (4) not to abuse the independent legal status of the company and the limited liability of shareholders to evade debts or harm the interests of the company's creditors. (5) other obligations that shall be undertaken as stipulated by laws, administrative regulations, and the articles of association.

Shareholders' General Meetings

The shareholders' meeting of a joint-stock limited company is composed of all the shareholders. The shareholders' meeting is the company's authority and exercises the following powers: (1) to elect and replace directors and supervisors, and to determine matters relating to the remuneration of directors and supervisors. (2) to deliberate and approve the report of the board of directors. (3) to deliberate and approve the report of the board of supervisors. (4) to deliberate and approve the company's profit distribution plan and loss compensation plan. (5) to make resolutions on the increase or decrease of the company's registered capital. (6) to make resolutions on the issuance of corporate bonds. (7) to make resolutions on the company's merger, division, dissolution, liquidation, or change of corporate form. (8) to amend the articles of association. (9) other powers stipulated in the articles of association.

In addition, the PRC Guidelines on AoA stipulate that the powers of the shareholders' meeting also include: (1) to make resolutions on the engagement or dismissal of the accounting firm undertaking the company's audit business. (2) to deliberate and approve the guarantee matters stipulated in Article 47 of the Guidelines for the Articles of Association of Listed Companies. (3) to deliberate on matters concerning the purchase or sale of significant assets exceeding 30% of the company's most recently audited total assets within one year. (4) to deliberate and approve changes in the use of raised funds. (5) to deliberate on equity incentive plans and employee share ownership plans. (6) to deliberate on other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, or the articles of association.

A shareholders' general meeting is required to be held once a year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number specified in the articles of association; (2) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital; (3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting; (4) the board deems necessary; (5) the board of supervisors so proposes; or (6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be summoned by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director recommended by half or more of the directors shall preside over the meeting.

Where the board of directors is incapable of performing or is not performing its duties, the board of supervisors shall summon and preside over the shareholders' general meeting in a timely manner. If the board of supervisors fails to summon and preside over the shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may summon and preside over the shareholders' general meeting on their own initiative.

A notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. A company offering shares to the public shall make the notices as mentioned in the preceding 2 paragraphs by way of announcement.

Shareholders may appoint proxies to attend the shareholders' meeting. The proxy shall submit to the company a power of attorney from the shareholder and exercise the voting rights within the scope of the authorization. The Company Law does not contain any specific provisions regarding the number of shareholders required to constitute a quorum for a shareholders' meeting.

Each shareholder attending the shareholders' meeting has one voting right for each share held, except for shareholders of preference shares. Shares held by the company in its own name do not have voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

For joint stock limited companies that establish a board of directors, the number of members shall be three or more, and the members may include representatives of the company's employees. In a joint stock limited company with more than 300 employees, unless it has established a board of supervisors with employee representatives in accordance with the law, the board of directors shall include employee representatives.

The term of office for directors shall be stipulated in the articles of association, but each term shall not exceed three years. A director whose term has expired may be re-elected for consecutive terms.

The board of directors shall convene at least two meetings per year, and all directors and supervisors shall be notified at least 10 days before each meeting.

The board of directors may exercise its powers: (1) to convene shareholders' general meetings; (2) to implement the resolutions passed by the shareholders at the shareholders' general meetings; (3) to decide on the company's operational plans and investment proposals; (4) to formulate the company's profit distribution proposals and loss recovery proposals; (5) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (6) to formulate proposals for the merger, division or dissolution of the company or change of corporate form; (7) to decide on the setup of the company's internal management organs; (8) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations; (9) to formulate the company's basic management system; and (10) to exercise any other authority stipulated in the articles of association or granted by the shareholders' meeting.

In addition, the PRC Guidelines on AoA stipulate that the powers of the board of directors also include: (1) within the scope of authorization by the shareholders' meeting, to decide on matters such as the company's external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related-party transactions, and external donations. (2) to formulate plans for significant acquisitions by the company, and for the company to acquire its own shares. (3) to draft the plan for amending the articles of association. (4) to manage the company's information disclosure matters. (5) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm that audits the company. (6) to hear work reports from the company's manager and to inspect the work of the manager.

A board of directors meeting shall be held only if more than half of the directors are in attendance. Resolutions made by the board of directors must be passed by a majority of the directors. The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization.

The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the Company Law, the following person may not serve as a director in a company: (1) having no capacity for civil conduct or having limited capacity for civil conduct. (2) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence. (3) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation. (4) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or (5) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

According to the PRC Guidelines on AoA, the board of directors shall appoint one chairman, who shall be elected by a majority of all the directors. The chairman shall exercise the following powers (including but not limited to: (1) to preside over the shareholders' meeting and to convene and chair the board of directors meetings. (2) to urge and inspect the implementation of the resolutions of the board of directors. (3) other powers granted by the board of directors.

Directors owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Directors also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

Manager and Senior Management

A joint stock company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors.

Under the relevant requirements of the PRC Guidelines on AoA, the manager shall exercise the following powers: (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors, and report work to the board of directors. (2) to arrange for the implementation of the company's annual operation plans and investment proposals. (3) to formulate proposals for the establishment of the company's internal management organs. (4) to formulate the fundamental management system of the company. (5) to formulate the company's specific rules and regulations; (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company; (7) to appoint or dismiss management personnel (other than those shall be appointed or dismissed by the board of directors); and (8) to exercise any other authority granted by the board of directors.

According to the Company Law, senior management personnel refer to the company's manager, deputy manager, chief financial officer, the secretary of the board of directors of a listed company, and other personnel as stipulated in the articles of association. Senior management personnel owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Senior management personnel also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

According to the PRC Guidelines on AoA, the articles of association of the company are binding on the company's manager and other management personnel. Senior management personnel shall faithfully perform their duties and safeguard the best interests of the company and all shareholders. If senior management personnel fail to faithfully perform their duties or breach their duty of good faith, causing damage to the interests of the company and public shareholders, they shall be held legally liable for compensation.

Finance and Accounting

Under the PRC Company Law, A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council.

The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings must announce its financial and accounting reports.

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding paragraph. After having accrued statutory reserve from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

A joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, unless otherwise stipulated in the articles of association of the company.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company. The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

Pursuant to the PRC Guidelines on AoA, the company engages an accounting firm that complies with the provisions of the Securities Law to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.

Profit Distribution

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dissolution and Liquidation

Under the Company Law, a company shall be dissolved for any of the following reasons: (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred. (2) the shareholders have resolved at a shareholders' general meeting to dissolve the company. (3) the company shall be dissolved by reason of its merger or division. (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws. or (5) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (1) or (2) above, and the company has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and are required to form a liquidation committee within 15 days from the date when the cause for dissolution arises. The liquidation committee shall be composed of directors, unless otherwise provided in the articles of association or unless another person is elected by the shareholders' meeting. If the liquidation committee is not formed in time to conduct the liquidation, or if the liquidation committee is formed but fails to conduct the liquidation, interested parties may apply to the people's court to appoint relevant persons to form a liquidation committee to conduct the liquidation. The people's court shall accept the application and promptly organize the liquidation committee to conduct the liquidation.

The liquidation committee may exercise following powers during the liquidation: (1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets. (2) to notify the company's creditors or publish announcements. (3) to deal with any outstanding business related to the liquidation. (4) to pay any overdue tax together with any tax arising during the liquidation process. (5) to settle the company's claims and liabilities. (6) to handle the company's remaining assets after its debts have been paid off. and (7) to represent the company in any civil procedures.

The remaining property of the company, after respectively paying the liquidation expenses, wages of employees, social insurance contributions, and statutory compensation, paying the taxes owed, and repaying the company's debts, shall be distributed in proportion to the shares held by the shareholders. During the liquidation period, the company continues to exist but shall not engage in any business activities unrelated to the liquidation. The company's property shall not be distributed to the shareholders before it is liquidated in accordance with the provisions of the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law (《中華人民共和國訴訟法》), apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

THE SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993, provide the application and approval procedures for listing of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the "**PRC Securities Law**"), which was amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provide a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

OVERSEAS LISTING

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "Overseas Listing Regulations"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"). Pursuant to the Archives Rules, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H SHARE

On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》 (the "**Guidelines for the 'Full Circulation**'"), which were amended in August 10, 2023. According to the Guidelines for the "Full Circulation", "Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Under the premise of complying with relevant laws and regulations, as well as policies on state-owned asset management, foreign investment, and industry supervision, shareholders of domestic unlisted shares may independently negotiate to determine the number and proportion of shares to be circulated and may entrust the H-share company to file with the CSRC. Domestic joint-stock limited companies that have not yet been listed may also file for "Full Circulation" with the CSRC when they conduct their initial public offering and listing overseas. Applications for Full Circulation must be lawful, compliant, fair, and just, fully safeguarding the shareholders' rights to be informed and to participate, and fulfilling the necessary internal decision-making and external approval procedures. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of the company's shares circulating on the Hong Kong Stock Exchange in accordance with relevant business rules. The H-share company shall report the relevant situation to the CSRC within 15 days after the completion of the transfer registration of the shares involved in the application by China Securities Depository and Clearing Corporation.

According to the Overseas Listing Trial Measures, where a domestic enterprise directly issues and lists securities overseas, shareholders holding its domestic unlisted shares who apply to convert their domestic unlisted shares into overseas listed shares for circulation on an overseas trading venue shall comply with the relevant regulations of the China Securities

Regulatory Commission (CSRC) and shall entrust the domestic enterprise to file with the CSRC. Domestic unlisted shares refer to shares that have been issued by a domestic enterprise but have not been listed or traded on a domestic trading venue Domestic unlisted shares shall be centrally registered and custodied by domestic securities depository and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be governed by the regulations of the overseas listing place.

On December 31, 2019, the China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and Shenzhen Stock Exchange (the "**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》) (the "**Measures for Implementation**"). The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation" business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited and SZSE.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009, September 1, 2017 and September 12, 2025. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

Policies on Cross-Border E-Commerce

Since 2013, the PRC government has promulgated multiple regulations or policies to encourage and support the development of cross-border e-commerce in China. These include the Notice of the General Office of the State Council on Forwarding the Opinions of the Ministry of Commerce and Other Departments on Implementing Relevant Policies to Support the Cross-Border E-Commerce Retail Export issued by the General Office of the State Council (《國務院辦公廳轉發商務部等部門關於實施支持跨境電子商務零售出口有關政策意見的通知》) on 21 August 2013, the Guidance on Promoting the Sound and Rapid Development of Cross-border E-commerce issued by the General Office of the State Counsel (《國務院辦公廳關於促進跨境電子商務健康快速發展的指導意見》) on June 16, 2015, the Several Opinions of the State Council on Promoting the Stabilization and Upswing of Foreign Trade issued by the State Council (《國務院關於促進外貿回穩向好的若干意見》) on May 5, 2016 and the Letter of 14 Departments including the Ministry of Commerce on Replicating and Popularizing Mature Experience and Practices from Cross-Border E-Commerce Comprehensive Pilot Zones jointly issued by the Ministry of Commerce, the NDRC and another twelve departments (《商務部等14個部門關於複製推廣跨境電子商務綜合試驗區探索形成的成熟經驗做法的函》) on October 26, 2017. These regulations and policies support implementation of preferential tax policies for e-commerce export, establishment of the e-commerce export credit system, establishment of warehouses for export products and overseas operation centers, creation of independent brands and improvement of export product quality, optimization of cross-border e-commerce management model and customs clearance formalities, and provisions of payment services and foreign exchange settlement services to cross-border e-commerce enterprises.

Regulations on Production Safety, Environmental Protection and Energy Conservation Review

Production Safety

According to the WorkSafety Law of the PRC (《中華人民共和國安全生產法》, the "Work Safety Law"), which was last amended by SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the WorkSafety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The primary person in charge of the production and operation entity shall be fully responsible for the production safety of the entity. Violation of the Work Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

Pursuant to the Work Safety Law, and the Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》) promulgated by the State Administration of Work Safety (now has been adjusted to the Ministry of Emergency Management) on April 2, 2015 and implemented on May 1, 2015, production and operation entities are responsible for the construction of the safety facilities of construction projects. The safety facilities of a construction project must be designed, constructed and put into production and use simultaneously with the main part of the project. Investment in safety facilities shall be brought into the budgetary estimate of the whole construction project. Except for construction projects specifically prescribed in the Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects, other construction projects failing to complete relevant procedures, and failing to make corrections within the prescribed time limit, may be fined between RMB5,000 and RMB30,000.

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》, the "Environmental Protection Law"), which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was last amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance inspection shall not be put into production or use.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) (the "Law of Solid Wastes"), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended on June 27, 2017 by the SCNPC and came into effective on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extension projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and took effect on the same day, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact assessment documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

According to the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, institutions and other production and operation units subject to administration of pollution discharge permits shall discharge pollutants in accordance with the Regulations on the Administration of Pollution Discharge Permits, and shall not discharge pollutants without obtaining a pollutant discharging permit. Environmental protection authorities impose various administrative penalties, such as fines, order to correct, restriction or suspension of production for rectification, and order to cease operation, etc., on individuals or enterprises that violate the Regulations on the Administration of Pollution Discharge Permits.

Regulations on Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and took effect on the same day, the emergency management department under the State Council and the emergency management department under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction must comply with national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) which was last amended by the Ministry of Housing and Urban-Rural Development of PRC on August 21, 2023 and officially came into effect on October 30, 2023, fire prevention design review and acceptance should be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Regulations on Value-Added Telecommunications Services, Internet Content Services, and Mobile Application Information Services

Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (中華人民共和國電信條例) (the "Telecommunications Regulations"), promulgated on September 25, 2000 by the State Council and most recently amended on February 6, 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licences prior to the commencement of its operation. The Telecommunications Regulations categorize all telecommunication services in China as either basic telecommunications services or value added telecommunications services and operators of value-added telecommunications services shall obtain value-added telecommunications business operation licenses from the Ministry of Industry and Information Technology (the "MIIT") or its provincial branches prior to the commencement of such services.

Moreover, according to the Classification Catalogue of Telecommunications Services (2015) (電信業務分類目錄(2015年版)) (the "Classification Catalogue"), which was promulgated by the MIIT, in 2015, and latest amended in 2019, information services provided for users through the public communication network or the Internet by relying on the information collection, development, processing and information platform construction are value-added telecommunications services.

Internet Information Service

Internet information service is a type of value-added telecommunications service in the current catalog, the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended on January 8, 2011 and December 6, 2024, "internet information services" refers to the provision of information through the internet to online users, and they are categorised into "commercial internet information services" and "non-commercial internet information services." A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. No ICP License is required if the operator will only provide internet information on a noncommercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration.

On 31 December 2021, the CAC, the Ministry of Industry and Information Technology of the PRC (the "MIIT"), the Ministry of Public Security, the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider must immediately stop providing relevant services. Algorithmic recommendation service providers must also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services. As of the Latest Practicable Date, we have not conduct any of the value-added telecommunications services including but not limited to the internet information service on a commercial basis, thus our PRC Legal Advisor is of the view that, we are not required to obtain a Value-added Telecommunications Business Operations License for our operations in the PRC.

Mobile Application Information Services

The provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the "Mobile Application Administrative Provisions," 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on June 28, 2016 and took effect on August 1, 2016, as last amended on August 1, 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and ensuring information security.

On July 21, 2023, the MIIT issued the Notice on Carrying out the Filing of Mobile Internet Applications (《關於開展移動互聯網應用程序備案工作的通知》), requiring APP operators engaged in Internet information services within the territory of the PRC to complete filing formalities in accordance with the Anti-Telecommunications Network Fraud Law of the PRC (《中華人民共和國反電信網絡詐騙法》) and the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》). App operators shall complete filing formalities with the provincial-level communications administration bureau where they are domiciled, and their network access service providers and app distribution platforms (including the distribution platforms of mini programs, quick applications and others) shall submit such applications online for inspection and review through the National Internet Basic Resources Management System.

Regulations on Advertising

The SAMR is the government agency responsible for regulating advertising activities in the PRC. On October 27, 1994, the SCNPC enacted the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "Advertising Law"), which became effective on February 1, 1995 and was last amended on April 29, 2021. The Advertising Law increases the potential legal liability of providers of advertising services, and includes provisions intended to strengthen the identification of false advertising and the power of governmental authorities. Pursuant to the Advertising Law, relevant PRC laws on advertisement require advertisers, advertising operators, and advertising distributors to ensure that the content of the advertisements they produce or distribute is true and in full compliance with applicable laws and regulations and shall not contain wordings such as "national level", "highest level" and "best". Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. An Internet advertisement shall be recognizable and enable consumers to identify it as an advertisement. The administrator of a public place, an operator of a telecommunications business, or an Internet information service provider shall stop the sending or publishing of illegal advertisements through the public place or information transmission or release platform that it knows or should have known.

According to the Administrative Measures on Internet Advertising (《互聯網廣告管理辦法》) promulgated by the SAMR on February 25, 2023 and implemented on May 1, 2023, it further strengthens the one-click-to-close requirement. It prohibits advertisements for certain items on Internet media that target minors, including, among others, advertisements related to online games that are harmful to the physical or mental health of minors. The advertisers are responsible for the authenticity of the content of internet advertisements, while the Internet advertisement publishers and advertisement agencies are required to establish, improve, and implement registration, review, and archive management systems for Internet advertising businesses.

Regulations on Data Security and Privacy Protection

Data Security

The PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorised disclosure. The Decisions on Protection of Internet Security enacted by the SCNPC (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programmes, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC. On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "Cybersecurity Law") and become effective as of June 1, 2017 and revised on October 28, 2025, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "Data Security Law") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organisations and individuals carrying out data activities and implementing data security protection responsibility.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China, and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasised the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and improve the legislation on data security, cross-border data transmission and confidential information management.

On September 24, 2024, the State Council announced the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "Cyber Data Security Regulations"), which became effective on January 1, 2025. It regulates that Cyber data processors who carry out Cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by Cyber data processors in the view of personal data protection, important data safety, cyber data cross-broader safety management and obligations of network platform service providers.

On December 28, 2021, the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室) (the "CAC") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "Cybersecurity Review Measures") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

Privacy Protection

Pursuant to the Civil Code, personal information of a natural person shall be protected by the law. Any organisation or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfil the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law") and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorised access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organising the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations. Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfil the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

Regulations on Leasing

According to the PRC Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

Regulations on Intellectual Property

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners. Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》)

promulgated by the National Copyright Administration on February 20, 2002 and latest amended on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "Labor Contract Law") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "Social Insurance Law") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會 保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations on Foreign Investment

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign — funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi — level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2025 edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "Catalogue")), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List")), amended on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce of the PRC (the "MOFCOM"). According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

Regulations on overseas investment

The Administrative Measures for Outbound Investment Management (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014. As defined by the Measures for Overseas Investment Management, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or sensitive industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration. Local enterprises shall file with the provincial commercial administration authorities where they are located. The qualified enterprises will be put into record and granted with Overseas Investment Certificate for Enterprise by the relevant provincial commercial administration authorities.

The Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by way of contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment project, reporting relevant information and cooperating with the supervision and inspection.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has cancelled the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under overseas direct investment in accordance with this notice and the attached Operational Guidelines for Foreign Exchange Business of Direct Investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE U.S.

Businesses operating in the United States are subject to a variety of federal, state and local laws and regulations (the "**U.S. Regulations**"). The U.S. Regulations expected to be material to our operations are those relating to, among others, product safety, product liability, data privacy and customs and import procedures as described below.

Product Safety

Product safety regulation in the United States is primarily administered by the U.S. Consumer Product Safety Commission (the "**CPSC**"), a federal agency responsible for regulating certain classes of products sold to the public. The CPSC was established under the Consumer Product Safety Act of 1972, as amended (CPSA), which provides the principal federal statutory framework for consumer product safety.

The CPSA was amended by the U.S. Consumer Product Safety Improvement Act of 2008 (CPSIA) in 2008. The implementation of CPSIA was a significant overhaul of consumer product safety laws in the United States and was designed to enhance federal and state efforts to improve the safety of all products imported into and distributed in the United States. Products imported into the United States that fail to comply with CPSIA's requirements are subject to confiscation and the importer and/or distributor in the United States is subject to civil penalties and fines, as well as possible criminal prosecution. Under CPSIA, a "general conformity certification" is required for any consumer product imported into the United States that is subject to a consumer product safety rule, standard, regulation, or ban adopted pursuant to the CPSA or issued by the CPSC. The certification requirement applies to all subcontractors and importers of affected goods and obliges certification of compliance with all applicable consumer product safety rules and laws, including but not limited to the CPSA, the Flammable Fabrics Act, the Federal Hazardous Substance Act, and the Poison Prevention Act. Certification must be based on a "test of each product or a reasonable testing program," and the certificate must accompany the product or the shipment, with a copy furnished to each distributor, retailer and U.S. Customs and Border Protection (the "**CBP**"). The CPSC may also request a copy of the certification.

The CPSA also contains several reporting requirements for subcontractors and sellers of consumer products sold in the U.S. Section 15 of the CPSA requires a manufacturer or a seller to inform the CPSC immediately in the event it obtains information that any of its products: (i) creates a substantial risk of injury to consumers; (ii) creates an unreasonable risk of serious injury or death; or (iii) fails to comply with an applicable consumer product safety rule or with any other rule, regulation, standard, or ban under the CPSA or any other statute enforced by the CPSC. The CPSC may require the manufacturer or the seller to cease distribution of the product, and notify each person to whom the manufacturer or the seller knows such product was sold of such noncompliance, defects, or risks. In certain circumstances, the CPSC may require the manufacturer or the seller to bring the product into conformity with the applicable product safety rules, repair the defect in the product, replace the product with an equivalent product that complies with the applicable product safety rules, issue a product recall and/or refund the purchase price of the product.

Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986 ("**Prop 65**"), is a California law that requires that California consumers receive warnings regarding the presence of more than 900 chemicals known to cause cancer and/or reproductive toxicity. The law is highly technical, constantly evolving, and actively enforced by the government and private enforcement actions. Under Prop 65, any person in the course of doing business must provide a "clear and reasonable warning" before exposing individuals to listed carcinogens and reproductive toxins in their products. Prop 65 provides detailed requirements for the form, content, and placement of the required warning. The probability that a company will be subject to Prop 65 regulations is high because of how broadly the statute is worded. If a company manufactures, imports, distributes or sells a product that will be sold in California either through brick and mortar or online stores, or if a company has a physical presence of any kind in California (retail, office, warehouse, facility, factory, plant), then that company must abide by Prop 65 requirements. Recently, the California Office of Environmental Health Hazard Assessment adopted a significant amendment to the Prop 65 warning requirement allowing companies to provide notice of the potentially toxic product either to the authorized agent for the business to whom they are selling or transferring the product (i.e., the next business in line), or to the authorized agent for the retail seller. Although this amendment appears to minimize the burden on companies, paying careful attention to Prop 65 requirements is encouraged. Auditing Prop 65 compliance well in advance could mean avoiding costly lawsuits, the loss of valuable business opportunities or relationships, large monetary penalties, serious financial or reputational damage, or even product recalls.

Data Privacy

We are subject to a variety of laws and regulations in the United States that involve privacy, data protection and personal information, data security, and data retention and deletion. In particular, we are subject to federal, state, and applicable foreign laws regarding privacy and protection of personal data. U.S. federal and state laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate and may be interpreted and applied inconsistently from state to state and country to country and inconsistently with our current policies and practices.

Product Liability

U.S. state law generally imposes liability on all subcontractors and retailers (and parties in the supply chain) for injuries that result from unsafe, defective and dangerous products sold to consumers. Product liability claims in the United States are typically based on three theories of law: (i) strict liability, (ii) negligence and (iii) breach of warranty. In addition, as noted above, U.S. laws and regulations can also obligate subcontractors and retailers (and parties in the supply chain) to remedy product defects, which can include safety recall campaigns.

Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. There are three types of product defects, namely, design defects, manufacturing defects and defects in marketing. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the degree of carefulness by the defendant. A defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product's defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. The plaintiff need only establish the warranty was breached, regardless of how that came about. Companies that manufacture, distribute or sell a product in a particular state may be subject to the jurisdiction of such state's product liability laws, whether the company's jurisdiction of incorporation or principal place of business is in that state, in another U.S. state or in a non-U.S. jurisdiction.

Product liability legal actions and recall campaigns in the United States could involve personal injury and property damage and could involve claims for substantial monetary damages. The results of any future litigation and claims involving product liability in the United States are inherently unpredictable.

Import Tariffs and Customs Regulations

United States customs regulations (the "**Customs Regulations**"), administered by CBP, apply to any products entering the United States. Those regulations cover, among other areas, valuation of goods, classification, record keeping requirements, entry formalities, and laws related to duties and tariffs. The United States imposes tariffs on certain goods imported from various countries. Tariff rates are generally set forth in the Harmonized Tariff Schedules of the United States (the "**HTSUS**"). Note that embargoes, anti-dumping duties, countervailing duties, and other specific matters administered by the United States executive branch are not contained in the HTSUS and that various regulations or administrative actions could result in modification of these duties. Section 201 of the Trade Act of 1974, 19 USC § 2101 et seq. (the "**Trade Act**") permits the President of the United States to grant temporary import relief by raising import duties or imposing non-tariff barriers (e.g., quotas) on goods entering the United States that injure or threaten to injure domestic industries producing similar goods. Section 301 of the Trade Act authorizes the President of the United States to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce. The law does not require that the U.S. government wait until it receives authorization from the World Trade Organization to take such enforcement actions.

Currently, U.S. and China trade policy has given rise to the imposition of significant additional tariffs on products imported into the United States from China, and vice versa. To date, tariff rates and the scope of applicable products continue to evolve dynamically, reflecting ongoing trade discussions and enforcement actions. Moreover, administrative measures and policy priorities related to advanced manufacturing and supply chain security contribute to further adjustments in tariff classifications and duty rates within the complex framework of U.S.-China trade relations. Depending on the latest development of the trade negotiations between the U.S. and China, the level and number of products subject to additional tariffs may change over time.

Trade Sanction — Section 301

Title III of the Trade Act of 1974 (Sections 301-310, 19 U.S.C. §§ 2411-2420), titled "Relief from Unfair Trade Practices," is often collectively referred to as "Section 301." Section 301 provides a statutory means by which the U.S. imposes trade sanctions on foreign countries that violate U.S. trade agreements or engage in acts that are "unjustifiable" or "unreasonable" and burden U.S. commerce. To remedy a foreign trade practice, Section 301 authorizes the United States Trade Representative (the "**USTR**") to impose duties or other import restrictions, as well as impose other remedies.

In August 2017, in response to China's technology transfer, intellectual property, and innovation policies/practices, the USTR made a finding that four Chinese intellectual property rights-related practices are unreasonable (or discriminatory) and burden (or restrict) U.S. commerce. The action taken includes the imposition of additional tariffs, ranging from 7.5% to 25.0%, on approximately $370 billion worth of U.S. imports from China. These tariffs are applicable to nearly all the goods examined for HTS/tariff review with most goods subject to a 25% additional tariff, with a lesser number facing a 7.5% tariff or no tariff.

On May 14, 2024, the USTR announced the results of an ongoing Section 301 "necessity review." The key points announced were that there would be no Section 301 tariffs reduced or eliminated, and that there would be increased tariff rates for certain critical sectors that include but are not limited to steel and aluminum, semiconductors, EV's, lithium-ion EV batteries and certain mineral and medical products.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GERMANY

Statutory Law

Below is an overview of the laws and regulations materially relevant to our business in Germany. It does not claim to provide a complete and comprehensive presentation of all relevant legal regulations.

Purchase Law

The sale of goods constitutes a sales contract (§ 433 et seq. of the German Civil Code — "*Bürgerliches Gesetzbuch*" (hereinafter also referred as: "BGB")).

In Germany, sales law is largely governed by the German Civil Code, § 433 ff. BGB. If the sales contract is concluded between two merchants, the sales law is complemented and partially modified by the provisions of the German Commercial Code ("*Handelsgesetzbuch*" — hereinafter also referred as: "HGB"), §§ 373 et seq. HGB). If the sale is made with a consumer (sale of consumer goods), additional consumer protection standards apply (§§ 474 et seq. BGB).

With regard to sales to consumers, the sales law provisions of the German Civil Code (BGB) apply. The BGB implements various EU sales law directives. Purchase law has undergone far-reaching changes as of 2022 through the implementation of the Goods Directive (2019/771/EU) and the Digital Content Directive (2019/770/EU) (implemented in particular in Sections 327 et seq. and Sections 475a et seq. of the German Civil Code for digital products).

According to the German Civil Code (BGB), the seller is obliged to hand over the item to the buyer and to procure ownership of it — free of material defects and defects of title, § 433 Para. 1 BGB. The buyer is therefore entitled to a fulfillment claim for the handover and transfer of ownership of a defect-free item.

If the item is defective at the time of the transfer of risk (§ 446, § 447, § 475 para. 2, 3 BGB), i.e. usually at the time of handover, this gives rise to warranty rights for the buyer.

The item is free of material defects if it fulfils the so-called subjective requirements, the objective requirements and the assembly requirements in the following sense at the time of transfer of risk. The item fulfils the subjective requirements if it has the agreed quality, is suitable for the use stipulated in the contract and is handed over with the agreed accessories and the agreed instructions, including assembly and installation instructions. This condition includes the type, quantity, quality, functionality, compatibility, interoperability and other characteristics of the item for which the parties have agreed requirements. Unless otherwise effectively agreed, the item meets the objective requirements if it is suitable for normal use, has a quality that is customary for items of the same type and that the buyer can expect, taking into account the type of item and the public statements made by the seller, in particular in advertising or on the label, corresponds to the quality of a sample or specimen that the seller has made available to the buyer before the conclusion of the contract, and is handed over with the accessories, including packaging, assembly or installation instructions and other instructions that the buyer can expect to receive. This usual condition includes the quantity, quality and other characteristics of the item, including its durability, functionality, compatibility and safety. If assembly is to be carried out, the item meets the assembly requirements if the assembly has been carried out properly or has been carried out improperly, but this is neither due to improper assembly by the seller nor to a defect in the instructions provided by the seller. If the seller delivers an item other than the contractually owed item, this is equivalent to a material defect, § 434 BGB.

The burden of proof that the goods were defective at the time of the transfer of risk generally falls to the buyer, § 363 BGB. However, if the goods are sold to a consumer, the burden of proof is reversed: if a defect appears within one year, it is presumed in favor of the buyer that the goods were already defective at the time of transfer of risk. In this case, it is up to the seller to rebut this presumption, § 477 BGB.

If the item is defective, the buyer is entitled to request subsequent fulfillment (at his discretion, new delivery or rectification), to withdraw from the contract, to reduce the purchase price or to demand compensation for damages or expenses, § 437 et seq. BGB. However, the buyer has to give the seller the opportunity for subsequent fulfillment and set a grace period for this purpose before the buyer can demand compensation or withdraw from the purchase contract. This grants the vendor a second opportunity. As part of the subsequent fulfillment, the buyer must also bear the necessary expenses (e.g. transport costs).

Warranty claims for movable goods generally expire within two years, beginning with the handover of the purchased item, § 438 Para. 1 No. 3 BGB.

In addition to these warranty rights, the manufacturer or seller may grant the buyer guarantee rights (guarantee), § 443 (1) BGB. If such a guarantee of durability is given, it is assumed by law that a defect occurring during the guarantee period constitutes the guarantee rights.

Contract Law

In Germany, the principle of freedom of contract ("*Vertragsfreiheit*") is considered an essential principle of private autonomy, which encompasses both the freedom to enter into contracts as well as the freedom to determine their content. This principle is restricted by a number of statutory provisions, in particular those contained in the German Civil Code (BGB), from which individual contractual agreements may not deviate. However, even if an individual contractual provision is invalid or unenforceable, this does not affect the validity of the rest of the contract itself and means that statutory law applies.

If contractual provisions are used as general terms and conditions, they must be measured against the strict provisions of § 305 et seq. of the German Civil Code (BGB). If a general term and condition is invalid, this also does not affect the validity of the other general terms and conditions and results in the application of statutory law.

Consumer Law, Distance Selling Law and E-Commerce Law — Additional Regulations for the Sale of Consumer Goods

In the case of sales to a consumer, the sales law is stricter in favor of the buyer in some points, § 474, § 475d, § 475e, §§ 476, 477 BGB. This applies both to purchases of goods (Section 241a (1) BGB) and to sales contracts that also include the provision of a service (Section 474 BGB).

Special Provisions for the Sale of Digital Products

The law contains further special provisions for consumer contracts for digital products. These include the provision of payable digital content or digital services (Sections 327 ff., Section 475a, Section 475b, Section 475c, Section 475e BGB). Digital content includes computer programs, music files, video files, audio files, digital games, electronic books and other electronic publications.

Special Provisions for E-Commerce

With regard to the applicable e-commerce law, several regulations are relevant in Germany. In particular, the German Digital Services Act (DDG) for online-service provider duties, the Telecommunication Act (TKG), the Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz (TDDDG), the Unfair Competition Act (UWG) and the provisions of the German Civil Code (BGB) (including the distance-selling rules, together with Arts. 246a/b EGBGB) which concern digital or electronic means of contracting are of importance.

Among other things, the DDG contains regulations on the obligation to provide an imprint containing mandatory business information, such as address and further information obligations. The obligation to maintain an imprint also applies to foreign companies, insofar as the obligations can be fulfilled under foreign law.

Civil law also contains special provisions for e-commerce. The provisions of Sections 312-312k BGB implement, among other things, the European Consumer Rights Directive (2011/83/EU) and the European E-Commerce Directive (2000/31/EC) and contain several special provisions for the conclusion of consumer contracts in the e-commerce sector. This is intended to standardize a certain level of consumer protection. In particular, the regulation of distance contracts (Section 312c BGB) is relevant, for which Sections 312d-312f BGB supplement consumer protection with special obligations and provide for a separate right of withdrawal (Section 312g, Sections 355 et seq. BGB). The provisions of the third chapter under Sections 312i-312j of the German Civil Code (BGB) include regulations on electronic commerce.

For individual legal transactions with consumers initiated in a digital context, the BGB sets forth several consumer respectively user protection measures such as clear information on the seller, the order content (including for example shipping costs) and the order process (such as clear description of the button initiating the binding order). Furthermore, the seller must provide the consumer with the contract document giving the identity of the contracting parties or a confirmation of the contract reflecting the content of the contract. For details of the information obligations, cf. § 312d, § 312e, § 312f., § 312i, § 312j, § 312l BGB in conjunction with Art. 246a, b, c, d Introductory Code to the BGB ("*Einführungsgesetz zum Bürgerlichen Gesetzbuch*"). The consumer must also be informed of its right of withdrawal and the cost of returning the goods. The extensive information obligations for online shop operators have also been further strengthened. Now, operators of online marketplaces must disclose the criteria for product rankings, for example in search results. If the price of products is determined by an algorithm on a customer-specific basis ("*personalised pricing*"), this must also be disclosed. Finally, the legislator has also taken care of the cancelation policy ("*Widerrufsbelehrung*") for distance contracts. In the future, it will be obligatory to provide a telephone number as well as an e-mail address for distance contracts. The cancelation policy must also mention communication channels that the company otherwise provides, such as WhatsApp support. In addition, the Price Indication Ordinance ("*Preisangabenverordnung*") has been reformed. Besides to a fundamental restructuring, material changes are intended to increase the transparency of price quotations for customers. In future, the basic price must be indicated in the unit of quantity and must appear in an unambiguous, clearly recognisable and legible manner. In order to facilitate the classification of price reductions, the "previous price" must be indicated in future whenever a price reduction is announced. The previous price is the lowest price applied by the trader within the last 30 days before the price reduction.

The sections of the BGB apply to foreign companies for contracts with consumers who have their habitual residence in Germany, if the offer of the platform or web shop is directed at customers in Germany. The platform operator can limit this by clearly identifying to which customers in which countries he addresses his platform respectively the web shops therein.

Regulations on Accessibility of Online Services

Pursuant to the German *Barrierefreiheitsstärkungsgesetz* (BFSG), which transposes Directive (EU) 2019/882 (European Accessibility Act), online shops and digital services offered to consumers must comply with accessibility requirements from 28 June 2025. This includes ensuring that websites, mobile applications, and online purchasing processes are designed in accordance with recognized accessibility standards (such as WCAG 2.1). Businesses must provide accessible information, communication, and payment functions. Existing services provided before that date must be adapted to the new requirements by 28 June 2030. Market surveillance authorities may impose corrective measures or fines in case of non-compliance.

Product Safety and Product Liability

In addition, there are other obligations that primarily apply to the manufacturer of a product. These arise from product safety regulations and product liability regulations, in particular under the Product Liability Act and under tort law.

A manufacturer within the meaning of the law is anyone who has manufactured the end product, a raw material or a partial product. A manufacturer is also deemed to be anyone who claims to be a manufacturer by affixing his name, trade mark or other distinctive sign. Furthermore, anyone who imports or brings a product into the area of application of the Agreement on the European Economic Area for the purpose of sale, rental, hire-purchase or any other form of distribution with a commercial purpose within the scope of their business activity is deemed to be a manufacturer. Depending on the specific circumstances of the individual case, suppliers may also be considered manufacturers in exceptional cases.

Product compliance

As a general rule it can be stated that each product, which is put into the German market must be designed, manufactured and being provided with appropriate user information (manuals, warning messages as well as safety signs and labels) in a way that any hazardous situation in course of the product use will be avoided. This rule is reflected by rules and regulations within the Law on Product Safety and the Product Liability Law in Germany. Furthermore, a product may be subject to further legal requirements imposing formal requirements on the economic operators (manufacturers, importer and distributors) such as a specific certification or documentation of the product quality. Before entering the German market a proper product compliance organization must be managed to ensure the fulfillment of the aforementioned requirements. In detail the legal framework on which the product compliance shall apply consists for the scope of products in question mainly of:

Law on product safety

The Law on Product Safety of Germany consists of a framework of general rules such as the Law on Product Safety ("*Produktsicherheitsgesetz — ProdSG*"), which will be subject to an adjustment in the light of the new Regulation (EU) 2023/988, as well as the 14 German product safety regulations, depending on the specific nature of the product ("*Produktsicherheitsverordnungen*"), the Law on Market Surveillance ("*Marktüberwachungsgesetz — MüG*") as well as European Regulation on Market Surveillance EU 2019/1020, specific regulations dealing with specific products mainly based on EU law and general rules applicable to any kind of products. Products that do not comply with the Law on Product Safety cannot be distributed in Germany nor the EU. These rules and regulations do apply automatically when the product enters the German market. All these rules and regulations are compulsory and cannot be excluded nor modified by a contractual agreement.

For the products in question (considering 3D printers and related equipment as well as material and others), among others, the following selection of rules and regulations shall be observed:

- Regulation (EU) 2023/988 of the European Parliament and of the Council of 10 May 2023 on general product safety, amending Regulation (EU) No 1025/2012 of the European Parliament and of the Council and Directive (EU) 2020/1828 of the European Parliament and the Council, and repealing Directive 2001/95/EC of the European Parliament and of the Council and Council Directive 87/357/ECC establishing a framework to enhance consumer protection by setting comprehensive safety standards for products sold in the EU

- Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU

- European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste

- Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment

- Directive 2014/35/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits (last amended by Directive (EU) 2022/2380 of the European Parliament and of the Council of 23 November 2022)

- Directive 2014/53/EU of the European Parliament and of the Council of 16 April 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC

- Directive 2014/30/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to electromagnetic compatibility

- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (last amended by Directive (EU) 2024/884 of the European Parliament and of the Council of 13 March 2024)

- Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC

- Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC

- Regulation (EC) 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/ECC and Commission Directives 91/155/EEC, 93/67/ECC, 93/105/EC and 2000/21/EC

The rules of market surveillance (European Regulation (EU) 2019/1020 as well as the MüG) have founded a legal framework to further develop and strengthen the market surveillance authorities.

The German Battery Law Implementation Act ("Batterierecht-Durchführungsgesetz" — BattDG) entered into force on 7 October 2025 and replaces the former German Battery Act. It supplements and implements Regulation (EU) 2023/1542 on batteries and waste batteries, aligning national rules with EU requirements. The BattDG establishes obligations regarding the registration of producers and distributors, participation in producer responsibility organisations, and compliance with collection and recycling targets. Distributors must take back waste batteries free of charge and, for certain battery types, operate a deposit return system. In addition, the Act introduces supply chain due diligence requirements addressing environmental and social risks, thereby ensuring a sustainable and transparent battery lifecycle.

Briefly summarized, those aforementioned regulations, amongst others, provide for requirements regarding product properties (such as restrictions on substances), product labelling (such as the product itself as well as the manufacturer/importer identification domiciled in the European Economic Area, applicable markings and moreover proper instruction and information to users (e.g. such as warnings)).

Product Liability

In Germany, either the seller or the producer, or both jointly, can be held liable if the product is defective. The harmed person may assert claims arising from product liability, producer liability, and warranty for defects. The rules for liability are to be found in the German Product Liability Law ("*Produkthaftungsgesetz — ProdHaftG*"), which needs to be adjusted by the end of 2026 at the latest in the light of the new EU Product Liability Directive (EU) 2024/2853 and the associated modernization and expansion of EU law on product liability, and the German Civil Code as well as in special laws.

Pursuant to the BGB, if a product does not meet the quality or the quantity which has been agreed and may be expected or if the product does not fit the conventional or agreed application scenario, the buyer has the aforementioned warranty rights. In some circumstances, recourse may be taken against the producer provided recourse from seller to producer is admissible which is also regulated by the so-called entrepreneur's recourse according to § 445a BGB (*Rückgriff des Verkäufers*). In addition, in the event that a guarantee is granted, the guarantee statement must now be drafted in a simple and comprehensible manner and made available to the buyer on a durable medium, e.g. in paper form or by e-mail, or pdf file, at the latest by the time of delivery of the purchased item. In the future, a guarantee which traders or manufacturers may grant to the buyer must have certain mandatory contents (i.e. indication that recourse to the statutory rights in respect of defects is free of charge and that these rights are not limited by the guarantee, the name and address of the guarantor, procedure for claiming under the guarantee, i.e. the trader must describe how the consumer obtains his guarantee benefit exact designation of the object of purchase for which the guarantee is granted, the duration and territorial scope of the guarantee.).

In the event a product has caused damage to persons or items (other than the defective product), the producer is strictly liable pursuant to the German Product Liability Law ("*Produkthaftungsgesetz*", "*ProdHaftG*"). Liability under the ProdHaftG can neither be restricted nor excluded in advance. In principle, the individual who suffered damage must (only) prove the fault, the damage, and the causal link between fault and damage, as liability under the ProdHaftG is a so-called strict liability, meaning regardless of fault.

The ProdHaftG applies, if the harmed party has its habitual residence in Germany and the defective product was placed on the German market or if the defective product was bought in Germany and was placed on the German market or if the harm arose in Germany and the defective product was placed on the German market. It is sufficient that the producer could reasonably foresee that a product might be placed on the German market by another market participant, e.g. one of its customers, to be liable under the ProdHaftG. Thus, it is not necessary that the defective product was imported to Germany by the producer. Comparable regulations also apply in the other Member States of the EU.

Additionally, producers as well as under certain circumstances sellers, can also be held liable pursuant to tort law under the BGB if the product is defective. In this respect, the manufacturer has the obligation to properly design and produce a product, to instruct on its use and to monitor it (see also below). The liability under German tort law is in principle unlimited and there is a liability for all damages caused by the defective product. According to case law, the producer is also obliged to observe the market (*Pflicht zur Produktbeobachtung*). This constitutes a producer's duty of investigation and reaction since product safety and compliance first and foremost lies in the producer's hand.

Data Security and Privacy Protection

Data security and the protection of electronic communications in Germany are governed by the Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz (TDDDG) and the General Data Protection Regulation (GDPR), as supplemented by the Federal Data Protection Act (Bundesdatenschutzgesetz, BDSG). These laws require controllers to implement appropriate technical and organizational measures (TOMs) to ensure the confidentiality, integrity, and availability of personal and communication data processed through the online shop, including account management, payment processing, and customer support. Such measures include access controls, encryption, system monitoring, and breach-response procedures proportionate to the risks involved.

Together, the GDPR, BDSG, and TTDDDG form the applicable legal framework for data security and privacy protection in connection with the operation of online retail websites and mobile applications within the European Union and Germany.

GDPR principles

The GDPR provides various principles that also run through the national regulations and must therefore always be observed. If these principles/requirements are not met and unlawful processing takes place, data subjects can assert their rights under the GDPR and sue for damages. There may also be a threat of proceedings by the supervisory authorities.

Some of the most relevant principles of the GDPR are regulated in Art. 5. Any personal data must always be processed on a legal basis (Art. 5 I a) GDPR), in a transparent manner (Art. 5 I a), Art. 13 GDPR) and with the usage of such data limited to a specific, explicit purpose (Art. 5 I b) GDPR). The personal data that is stored must be kept to a minimum (Art. 5 I c) GDPR) and up-to-date (Art. 5 I d) GDPR), and must be deleted as soon as it is no longer needed for the specified purpose (Art. 5 I e) GDPR). The processing of personal data with/between several parties must be regulated by corresponding data processing agreements like a data processing agreement (Art. 28 GDPR) or a joint controller agreement (Art. 26 GDPR). This also applies for data processing between group companies and affiliates.

The transfer of personal data outside the EU/EEA must meet special requirements. There must either be an adequacy decision by the EU Commission for the country in which the recipient is located or additional safeguards in accordance with Art. 46 GDPR. This also applies for data transfers between group companies and affiliates. If personal data of individuals located in the EU is to be stored on servers in the United States or China (including Hong Kong), appropriate safeguards must be implemented in accordance with Article 46

GDPR, unless the recipient in the U.S. is certified under the EU-U.S. Data Privacy Framework, a so called "adequacy decision", dated July 10, 2023 (Art. 45 GDPR allows the transfer of personal data on the basis of an adequacy decision).

In addition to the GDPR, the Federal Data Protection Act (BDSG) applies in Germany, supplementing EU rules with national provisions (e.g., supervisory procedures and employee-data specifics). For online services, the Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz (TDDDG) governs the use of cookies/SDKs and ensures the confidentiality of electronic communications (e.g., contact forms, chat); non-essential storage/access on user devices requires prior consent.

Controllers must also implement appropriate technical and organizational measures (TOMs) under Article 32 GDPR (and privacy by design/default under Article 25) to protect the confidentiality, integrity, and availability of data.

Legal consequences of violations of the GDPR

Any person who has suffered material or non-material damage as a result of an infringement of this Regulation shall have the right to obtain compensation from the controller or processor for the damage suffered. The data subjects may therefore bring an action for damages before the civil courts. In May 2023, the European Court of Justice ruled that no materiality threshold is to be observed and thus also allows for "trivial cases". In addition to legal action in the civil courts, administrative proceedings can also be brought before the supervisory authorities. These can either carry out an inspection of the company on their own initiative or because someone, e.g. a data subject, has issued a notification. Infringements of the provisions of the GDPR can lead to fines of up to 20,000,000 EUR or up to 4% if the total worldwide annual turnover of the preceding financial year, whichever is higher. Strictly adhering to the GDPR is therefore important for any company operating within its framework.

Each supervisory authority has the corrective powers to impose a temporary or definitive limitation including a ban on processing. In this case, the data processing that is not lawful in the opinion of the supervisory authority must be stopped accordingly. Depending on the circumstances, this can cause the entire operation of a company to come to a standstill.

Value-Added Telecommunications, Internet Content, and Mobile App Information Services

For the operation of an online retail website and mobile application within the European Union and Germany, the relevant regulatory framework primarily consists of the Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz (TDDDG) and the Digitale-Dienste-Gesetz (DDG), which replaced the former Telemedia Act (TMG). The TTDSG governs the use of cookies, analytics tools, and comparable technologies involving the storage of or access to information on users' devices, as well as the confidentiality of electronic communications, such as contact forms or customer chat functions.

The DDG establishes provider-identification and transparency obligations for online services, in particular the duty to maintain an easily accessible legal notice ("*Impressum*") containing mandatory business information (e.g., name/company, registered address, contact details, commercial register number and court, VAT ID) and to provide reliable contact options for users and authorities.

Advertising

Advertising and marketing communications in the European Union and Germany are governed by the Directive 2005/29/EC on Unfair Commercial Practices (UCPD) and Directive 2006/114/EC on Misleading and Comparative Advertising, as implemented in Germany by the Gesetz gegen den unlauteren Wettbewerb (UWG). These laws require that all commercial practices, including online promotions, product descriptions, and price indications, be truthful, non-misleading, and clearly identifiable as advertising.

Where cookies or similar technologies are used for personalized or behavioral advertising, such processing must comply with the General Data Protection Regulation (GDPR) and the Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz (TDDDG), requiring valid user consent and transparent information on tracking and profiling activities.

Intellectual Property

The protection and enforcement of intellectual property rights in the European Union and Germany are governed by an extensive body of harmonized and national legislation.

Trademarks. Brand names, product marks, and logos used on the online shop are protected under the EU Trademark Regulation (Regulation (EU) 2017/1001) and, in Germany, the Trademark Act (Markengesetz) implementing the Trademark Directive (EU) 2015/2436. Trademark protection covers identical or similar signs for identical or similar goods or services and extends to protection of reputed marks. The use of trademarks on product pages, packaging, and marketing materials must comply with these provisions; within the EEA, exhaustion applies to goods first placed on the market by or with the proprietor's consent.

Copyright. Product photos, renderings, videos, manuals, and website content are protected by copyright under the Urheberrechtsgesetz (UrhG), which implements Directive 2001/29/EC and Directive (EU) 2019/790. It must be ensured that all media and text content used on the website are either created in-house or lawfully licensed.

Designs. The visual appearance of products, such as the form or surface of 3D printers and accessories, can be protected as Community designs under Regulation (EC) No 6/2002 and as German national designs under the DesignG implementing Directive 98/71/EC.

Patents/Utility Models. Technical inventions are protected through European patents under the EPC (with optional unitary effect under Regulation (EU) 1257/2012) or through German national rights under the Patentgesetz (PatG). Utility models (Gebrauchsmuster) provide faster protection for technical innovations in Germany.

Domain names. If the shop operates under a.com domain, a generic Top-Level Domain (gTLD), domain disputes are handled under the Uniform Domain Name Dispute Resolution Policy (UDRP) (e.g., via WIPO) or through national courts under trademark and unfair-competition law. (Country-code domains like.de/.eu follow their own registries' rules and procedures.)

Together, these instruments provide the relevant framework for protecting brands, product designs, technical inventions, online content, and domain names within the European Union and Germany.

EU Trade Defence Law

Goods imported into the EU can become subject to anti-dumping and anti-subsidy measures. The EU's anti-dumping and anti-subsidies laws protect its domestic industries from imports that have a competitive advantage due to unfair trading practices. The jurisdiction to investigate and to impose measures lies with the European Commission and affects imports into all 27 member states of the European Union. General protective measures (safeguards) which do not address unfair trade practices are available to the European Commission, too, and are not addressed in the following.

An anti-dumping duty may be imposed on any dumped product whose release for free circulation in the EU causes injury to the EU industry. A product is to be considered as being dumped if its export price to the EU is less than a comparable price for a like product, in the ordinary course of trade, as established for the exporting country (Article 1 para. 1 and 2 Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the EU). In the event that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions, the normal value for the determination of dumping shall be constructed on the basis of costs of production and sale reflecting undistorted prices or benchmarks. The European Commission on 10 April 2024 published a report "on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations" (European Commission staff working document SWD (2024) 91 final). The report examines the core features that give the Chinese economy its current shape and structure, covers various factors of production in a horizontal approach, and examines a number of sectors including steel, aluminium, chemicals, ceramics, telecommunications, semiconductors, railway equipment, environmental goods and new energy vehicles. The sectors were selected on the basis of a number of criteria, such as their frequent occurrence in the European Commission's trade defence investigation practice or for their particular economic or strategic importance.

The European Commission can impose a countervailing duty to offset any subsidy granted, directly or indirectly, for the manufacture, production, export or transport of any product whose release for free circulation in the EU causes injury to the EU industry. It does not matter whether these products are directly imported from the country of origin or are exported to the EU from an intermediate country (Article 1 Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the EU).

If the European Commission comes to the conclusion that products are dumped or subsidized it can decide on provisional measures — typically duties on imports of the product — and can furthermore make the measures definitive for a maximum of five years (subject to extension after a review procedure). The EU member states, represented in the trade defence committee, must be consulted by the European Commission and can block the adoption of the most important decisions by qualified majority. Measure adopted by the European Commission can be challenged before the European Court of Justice. However, the European Court of Justice accepts the very broad discretion granted to the European Commission in the anti-dumping and anti-subsidies regulations.

Finally, the EU may protect its industry via so called "Safeguards". The safeguard procedure is slightly different from anti-dumping and anti-subsidy measures, and the decision to apply safeguards always has to be weighed very carefully. So far, safeguards have only been used sparingly by the EU. For Safeguards, the EU must show that the increase in imports is:

- sharp;
- due to unforeseen developments;
- causing (or threatening) serious injury to domestic industry (a higher level of injury than the material injury required for anti-dumping and anti-subsidy);
- and that safeguards are in the interest of the EU (a requirement beyond WTO obligations).

LAWS AND REGULATIONS IN HONG KONG

Business Registration Ordinance

Every person, (a company or individual), who carries on a business in Hong Kong is required under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) to apply for a business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine at level 2 (currently at HK$5,000) and to imprisonment for one year.

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO") regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. All employees covered by the EO, irrespective of their hours of work, are entitled to protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Employees' Compensation Ordinance

The Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO") establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the ECO, all employers are required to take out insurance policy to cover their liabilities both under the ECO and at common law for injuries at work in respect of all employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ECO. An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (currently at HK$100,000) and to imprisonment for one year.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "MWO") provides for a statutory minimum hourly wage rate (currently set at HK$42.1 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (except those specified under section 7 of the MWO). A provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPFSO") provides for, inter alia, the establishment of a system of privately managed, employment related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement. Subject to the minimum and maximum relevant income levels, it is mandatory for both employers and their employees to contribute 5% of the employee's relevant income to the mandatory provident fund scheme. Currently, the minimum and maximum relevant income levels for employees who are paid monthly are HK$7,100 and HK$30,000 respectively. Further, employers are obliged to enroll their employees aged 18 to 65 to a Mandatory Provident Fund Scheme within 60 days of his or her employment.

Inland Revenue Ordinance

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "IRO"), for a company carrying on a trade, profession or business in Hong Kong, its assessable profits arising in or derived from Hong Kong shall be chargeable to profits tax.

The IRO also provides for the obligation to do the followings:

(a) to keep sufficient records of the company's income and expenditure to enable the assessable profit to be readily ascertained for at least 7 years;

(b) to inform the Inland Revenue Department of its chargeability to tax;

(c) to submit tax return as required; and

(d) to inform the Inland Revenue Department of the commencement and cessation of employment of its employees.

Personal Data (Privacy) Ordinance

Section 4 of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "PDPO") states that any person who controls the collection, holding, processing or use of the personal data (the "data user") shall not do any act, or engage in a practice, that contravenes any of the data protection principles set out in Schedule 1 to the PDPO (the "Data Protection Principles") unless the act or practice, as the case may be, is required or permitted under the PDPO. Personal data means any data (a) relating directly or indirectly to a living individual; (b) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (c) in a form in which access to or processing of the data is practicable.

While Hong Kong does not have dedicated regulations exclusively for mobile applications, information services, internet content security or advertising, these areas fall under broader frameworks such as data privacy laws, with the PDPO playing a central role in protecting user data in applications and websites.

We may collect the personal data of our clients and Creality Cloud platform users in the course of our business. Hence, we are required to comply with the Data Protection Principles. The Data Protection Principles set out that (1) personal data must be collected in a lawful and fair way, for a purpose directly related to a function or activity of the data user. Data subjects must be notified of the purpose for which the data is to be used for and the classes of persons to whom the data may be transferred. Data collected should be adequate but not excessive; (2) personal data must be accurate and should not be kept for a period longer than necessary for the fulfilment of the purpose for which the data is or is to be used; (3) personal data must be used for the purpose for which the data is collected or for a directly related purpose unless voluntary and explicit consent with a new purpose is obtained from the data subject; (4) a data user shall take practicable steps to safeguard any personal data held against unauthorised or accidental access, processing, erasure, loss or use; (5) a data user shall take practicable steps to ensure that its policies and practices in relation to personal data, the kind of personal data it holds and the main purposes for which the personal data is or is to be used for are made known to the public; and (6) a data shall be entitled to request access to personal data and must be allowed to correct the personal data if it is inaccurate.

In the event of non-compliance with any of the principles above, the Privacy Commissioner for Personal Data may serve an enforcement notice on the data user, directing the data user to remedy the contravention and, where applicable, prevent any recurrence of the contravention. Section 50A of the PDPO states that a data user who contravenes an enforcement notice commits an offence and shall be liable to a fine at level 5 (currently at HK$50,000) and to imprisonment for two years, and to a daily penalty of HK$1,000 if the contravention continues after the conviction.

The PDPO further criminalises misuse or inappropriate use of personal data in directing marketing activities under Part VIA of the PDPO, non-compliance with data access request under section 19 of the PDPO, and unauthorised disclosure of personal data collected without consent from data users under section 64 of the PDPO.

Electronic Transactions Ordinance

Under the Electronic Transactions Ordinance (Chapter 553 of the Laws of Hong Kong), electronic records and digital signatures used in electronic transactions are given the same legal status as their paper-based counterparts by the promotion of certification authorities. Hence, digital signatures can satisfy the legal requirements for signatures (if specified requirements are complied with), and information may be retained in the form of electronic records. Further, it is a criminal offence for any person who has access to record or other material in the course of performing a function under or for the purpose of the ordinance to disclose information relating to another person as contained in such record or material to any other person.

Unsolicited Electronic Messages Ordinance

The Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong) regulates the sending of unsolicited commercial electronic messages with a 'Hong Kong link'. Under the ordinance, 'do-not-call registers' were established for pre-recorded telephone messages, short messages and facsimile messages, and senders of commercial electronic messages should access the registers to update and purge their database of address and should not send messages to those numbers. The ordinance also prescribes the requirements on the contents of commercial electronic messages which the senders should observe. The requirements include: (a) accuracy, language, presentation of identity and contact information of senders; (b) the provision, language, and presentation of unsubscribe facility. Sender must keep a record of the unsubscription requests received for at least three years, and should not use misleading subject headings or conceal calling line identification information in the electronic messages.

Control of Obscene and Indecent Articles Ordinance

Under the Long Title of the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong) ("COIAO"), the legislative aim of the COIAO is to control articles which consist of or contain material that is obscene or indecent, including material that is violent, depraved or repulsive.

By virtue of Section 21(1) of the COIAO, subject to any defence as provided in the COIAO, any person who publishes or possesses for the purpose of publication any obscene article, whether or not he knows that it is an obscene article, commits an offence and is liable to a fine of HK$1,000,000 and to imprisonment for 3 years.

By virtue of Section 22(1) of the COIAO, subject to any defence as provided in the COIAO, any person who publishes any indecent article to a person who is a juvenile, whether or not he knows that it is an indecent article or that such person is a juvenile, commits an offence and is liable to a fine of HK$400,000 and to imprisonment for 12 months on his first conviction and to a fine of HK$800,000 and to imprisonment for 12 months on a second or subsequent conviction.

According to Section 2 of the COIAO, the word "article" is given a wide meaning to include any thing consisting of or containing material to be read or looked at or both read and looked at, any sound recording, and any film, video-tape, disc or other record of a picture or pictures.

Laws and Regulations Relating to Sale of Goods

In Hong Kong, laws and regulations on the sale of goods are provided in legislation as well as common law. Civil liability in relation to product liability claims under the sale of goods arises under the law of contract and the law of negligence.

Contracts for the sale of goods in Hong Kong are mainly governed by the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (the "SOGO") which codified the law relating to the sale of goods. The SOGO provides that the seller of goods shall have an implied right to sell the goods and that the goods for sale shall be of merchantable quality, fit for their purposes, as described on the package or a display sign or by the seller and correspond with the sample.

The Sale of Goods (United Nations Convention) Ordinance (Chapter 641 of the Laws of Hong Kong) implement the United Nations Convention on Contracts for the International Sale of Goods done at Vienna on 11 April 1980 (the "CISG") such that the CISG has the force of law in Hong Kong. If there are differences between the CISG and relevant existing laws of Hong Kong, the relevant provisions of the CISG shall have overriding effect.

The CISG applies to contracts of sale of goods between parties whose places of business are in different states: (a) when the states are contracting states to the CISG; or (b) when the rules of private international law lead to the application of the law of a contracting state to the CISG.

Laws and Regulations Relating to Consumer Goods Safety and Electrical Products Safety

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) (the "CGSO") imposes statutory duty on manufacturers, importers and suppliers to ensure that the consumer goods being supplied comply with the general safety requirement or the safety standards and specifications prescribed by the Secretary for Commerce and Economic Development of Hong Kong. The CGSO imposes criminal penalties for a breach of the safety requirements, and the Commissioner of Customs and Excise has the power to serve a recall notice requiring the immediate withdrawal of any consumer goods or products which are believed to be unsafe and may cause serious injury. However, electrical products are excluded from the definition of consumer goods under the CGSO.

Electrical products are regulated by the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong) (the "EO"), which imposes statutory duty on suppliers to ensure that the electrical products supplied comply with the prescribed safety requirements.

The Electrical Products (Safety) Regulation (Chapter 406G of the Laws of Hong Kong) (the "EPSR") made under Section 59 of the EO requires electrical products shall not be supplied unless they comply with the applicable safety requirements relating to markings, design and construction and certificates of safety compliance have been issued in respect of the relevant electrical products.

The EPSR imposes criminal penalties for a breach of the safety requirements, and the Director of Electrical and Mechanical Services has the power to serve a recall notice requiring the supplier to make announcement and place advertisement to publicise of any hazardous defects in the electrical products supplied and to accept return of such products and to refund the purchasers of any sum paid for the products subject to a condition that a receipt for the product is surrendered to the supplier. In addition, in accordance with the EO, a person who supplies an electrical product for which no certificate of safety compliance has been issued is liable to a fine at level 3 (currently at HK$10,000).

Trade Descriptions Ordinance

According to the Long Title of the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("TDO"), the legislative aim of the TDO is to, inter alia, prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods and prohibit false trade descriptions in respect of services supplied by traders.

According to Section 2(5) of the TDO, a reference to a trader in the TDO includes any person acting in the name of, or on behalf of, a trader. As a result, the Group, being an online digital marketing service provider, may be held liable in the operation of the online digital marketing service for any offences in relation to a trader.

Under Section 7 of the TDO, any person who in the course of any trade or business applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied commits an offence.

Under Section 7A of the TDO, a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or suppliers or offers to supply to a consumer a service to which a false trade description is applied commits an offence.

Under Sections 13E, 13F, 13G, 13H and 13I of the TDO, a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission, aggressive, or that constitutes bait advertising, a bait and switch or wrongly accepting payment for a product.

According to Section 18 of the TDO, anyone who commits an offence under Sections 7, 7A, 13E, 13F, 13G, 13H and 13I of the TDO shall be liable, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for 5 years, and on summary conviction, to a fine at level 6 (currently at HK$100,000) and to imprisonment for 2 years.

Trade Marks Ordinance

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) (the "TMO") makes provision in respect of the registration of trade marks and provides for connected matters. It provides that a person infringes a registered trade mark if he uses in the course of trade or business a sign which is:

(a) identical to the registered trade mark in relation to goods or services which are identical to those for which it is registered;

(b) identical to the registered trade mark in relation to goods or services which are similar to those for which it is registered and such use is likely to cause confusion on the part of the public;

(c) similar to the registered trade mark in relation to goods or services which are identical to or similar to those for which it is registered and such use is likely to cause confusion on the part of the public; or

(d) identical or similar to the registered trade mark in relation to goods or services which are not identical or similar to those for which the trademark is registered, and the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and such use, being without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of a trade mark.

Under the TMO, the owner of a trade mark may bring infringement proceedings against the infringer for damages, injunction, accounts or any other relief available in law.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) makes provisions in respect of copyright and related rights and for connected purposes. It provides that the copyright owner has the exclusive right to, among other things, copy the work and to issue, rent and make available copies of the work to the public. Those acts if carried out by anyone without the license of the copyright owner constitute primary infringement of the copyright. The following acts, among other things, if done without the license of the copyright owner, constitute secondary infringement:

(a) imports into Hong Kong or exports from Hong Kong, otherwise than for his private and domestic use, a copy of the work which is, and which he knows or has reason to be believe to be, an infringing copy of the work; and

(b) possesses for the purpose of or in the course of any trade or business, sells or lets for hire or offers or exposes for sale or hire, exhibits in public or distributes for the purpose of or in the course of any trade or business, or distributes (otherwise than for the purpose of or in the course of any trade or business) to such an extent as to affect prejudicially the owner of the copy right, a copy of the work which is, and which he knows or has reason to be believe to be, an infringing copy of the work.

Infringement of copyright is actionable through civil litigation.

Further, under section 118(1) of the Copyright Ordinance, a person commits an offense if he, without the consent of the copyright owner of a copyright work, among other things, makes for sale, or hire an infringing copy of the work, or importing into Hong Kong or exporting from Hong Kong an infringing copy of the work otherwise than for his private and domestic use, or possesses an infringing copy of the work with a view to its being, among other things, sold or let for hire by any person for the purpose of or in the course of that trade or business. A person who contravenes section 118(1) of the Copyright Ordinance shall be guilty of an offense and shall be liable to a fine at level 5 (currently at HK$50,000) and to imprisonment for 4 years.

Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "IEO") provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licences issued by the Director-General of Trade and Industry. If the goods to be imported or exported are "prohibited articles" or "reserved commodities" under the IEO and the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong), shipping companies, airlines and transportation companies are required to deliver within 14 days to the Director-General of Trade and Industry the import/export licences together with the relevant manifests of the vessel, aircraft or vehicle.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any Customs tariff on imports and exports.

Without prejudice to the generality of the foregoing, a Hong Kong company, and any individual or entity conducting business in Hong Kong, must adhere to all applicable Hong Kong laws and regulations in their entirety.

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on [July 28th], 2025, which will take effect upon the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All entities or individuals subscribing for such shares shall pay the same consideration for each share.

INCREASE, REDUCTION AND REPURCHASE OF SHARE CAPITAL

Increase of Share Capital

The Company may, in accordance with applicable laws and regulations and subject to a resolution adopted by the Shareholders' general meeting, increase its share capital as required for its business operations and development by one or more of the following means:

(i) issuing shares to unspecified investors;

(ii) issuing shares to specific investors;

(iii) distributing bonus shares to existing shareholders;

(iv) converting capital reserves into share capital;

(v) any other methods permitted by law, administrative regulations, and the rules of the CSRC and the securities regulatory authorities, stock exchanges of the company's listing location and other relevant regulatory agencies.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of registered capital shall be carried out in accordance with the procedures prescribed by the PRC Company Law, other applicable laws and regulations, and the Articles of Association.

The Company shall notify its creditors within ten (10) days from the date on which the resolution for the reduction of registered capital is passed by the Shareholders' general meeting, and shall make a public announcement within thirty (30) days after the resolution approving the reduction has been adopted. The creditors shall have the right, within thirty (30) days from the date of receipt of the notice or, if no such notice is received, within forty-five (45) days from the date of the public announcement, to require the Company to settle its debts or provide a corresponding guarantee.

Repurchase of Shares

The Company may repurchase its own shares in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association under any of the following circumstances:

(i) for the purpose of reducing the Company's registered capital;

(ii) in connection with a merge with another company that holds shares in the Company;

(iii) for use in employee stock ownership plans or equity incentive schemes;

(iv) upon request by shareholders who object to resolutions adopted at a general meeting regarding the merger or division of the Company, requiring the Company to repurchase their shares;

(v) for conversion into shares of the Company of convertible corporate bonds issued by the Company;

(vi) where necessary for the Company to protect its value and the shareholders' equity interest.

The Company shall not engage in the trading of its own shares except in the circumstances set out above.

Where the Company repurchases its own shares pursuant to items (i) and (ii) of paragraph 1, such repurchase shall be subject to a resolution of the general meeting. Where the repurchase is conducted pursuant to items (iii), (v) and (vi) of paragraph 1, it shall be approved by a resolution of the Board of Directors passed at a meeting attended by more than two-thirds (2/3) of the directors.

Where the Company repurchases its own shares in accordance with the provisions of paragraph 1, the following requirements shall apply: in the case of a repurchase under item (i), the shares shall be cancelled within ten (10) days from the date of repurchase; in the case of a repurchase under items (ii) or (iv), the shares shall be transferred or cancelled within six (6) months from the date of repurchase; and in the case of a repurchase under items (iii), (v), or (vi), the aggregate number of shares held by the Company shall not exceed ten percent (10%) of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of repurchase.

TRANSFER OF SHARES

The Company's shares shall be transferred in accordance with the law. Shares issued before the Company's public offering shall not be transferred within one (1) year from the date the Company's shares are listed and traded on the stock exchange.

Directors and senior management personnel shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office, the annual transfer of their shares of the same class shall not exceed 25% of their total holdings of such class of shares in the Company. The shares held by such persons shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company.

Where laws, administrative regulations or the listing rules of the stock exchange(s) at the place where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, such provisions shall prevail.

The Company shall not accept its shares as the subject matter of a pledge.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall serve as conclusive evidence of shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Rights and Obligations of Shareholders

The shareholders of the Company shall be entitled to the following rights:

(i) to receive dividends and other forms of distribution in proportion to their shareholdings;

(ii) to request the convening of, convene, preside over, attend, or appoint proxies to attend Shareholders' general meetings and exercise voting rights accordingly;

(iii) to supervise the Company's operations and submit suggestions or inquiries;

(iv) to transfer, donate, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;

(v) shareholders shall have the right to inspect and make copies of Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the Board of Directors, and financial accounting reports. Shareholders who meet the prescribed requirements may also inspect the Company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

(vii) to request the Company to repurchase their shares if they object to resolutions of the shareholders' general meeting regarding mergers or divisions of the Company;

(viii) other rights provided by laws, administrative regulations, departmental rules, securities regulatory rules at the place where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to inspect or make copies of relevant documents of the Company shall comply with the PRC Company Law, PRC Securities Law, and other applicable laws, administrative regulations, and securities regulatory rules where the Company's shares are listed.

The shareholders of the Company shall undertake the following obligations:

(i) to comply with laws, administrative regulations, securities regulatory rules where the Company's shares are listed and the Articles of Association;

(ii) to pay subscription monies for the shares they have subscribed for, according to the agreed subscription terms and method;

(iii) not to withdraw their capital contributions except as otherwise permitted by laws or regulations;

(iv) not to abuse shareholder rights to harm interests of the Company or other shareholders; not to abuse the Company's independent legal personality or the limited liability of shareholders to harm the interests of the Company's creditors;

(v) such other obligations as may be required under laws, administrative and the Articles of Association.

Shareholders who abuse their rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders who abuse the Company's status as an independent legal entity and the limited liability of shareholders to evade debts and thereby materially prejudice the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

SHAREHOLDERS' GENERAL MEETING

General rules of the Shareholders' General Meeting

The Shareholders' general meeting is the organ of authority of the Company and shall, in accordance with the law, exercise the following powers:

(i) to elect and replace directors who are not employee representatives and determine matters relating to the remuneration of such directors;

(ii) to consider and approve the reports of the Board of Directors;

(iii) to consider and approve the Company's profit distribution plan and plan for making up losses;

(iv) to adopt resolutions on the increase or reduction of the registered capital of the Company;

(v) to adopt resolutions on the issuance of bonds by the Company;

(vi) to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to adopt resolutions on the appointment or dismissal and remuneration of the accounting firm responsible for the audit of the Company;

(ix) to consider and approve the guarantees as set out in Article 49 of the Articles of Association;

(x) to consider and approve any proposed purchase or sale of significant assets by the Company within one (1) year that exceeds thirty percent (30%) of the Company's total audited assets as of the most recent accounting period;

(xi) to consider and approve connected transactions that are required to be reviewed by the Shareholders' general meeting in accordance with the Articles of Association or the Connected Transaction Management Measures;

(xii) to consider and approve any proposed changes to the use of proceeds raised from financing activities;

(xiii) to consider and approve equity incentive plans and employee stock ownership plans;

(xiv) to consider and approve other matters that are required by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, or the Articles of Association to be decided by the Shareholders' general meeting.;

The Shareholders' general meeting may authorize the Board of Directors to adopt resolutions on the issuance of bonds by the Company.

The Company shall convene an extraordinary general meeting within two (2) months from the date of occurrence of any of the following circumstances:

(i) the number of directors falls below the statutory minimum required by the PRC Company Law or less than two-thirds (2/3) of the number of directors as specified in the Articles of Association;

(ii) the Company's uncovered losses amount to one-third (1/3) of its total share capital;

(iii) a shareholder or shareholders holding individually or in aggregate ten percent (10%) or more of the Company's shares so request;

(iv) the Board of Directors considers it necessary;

(v) the Audit Committee proposes to convene such a meeting.

(vi) Other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the Company's shares are listed, or the Articles of Association.

Convening of the General Meeting

The independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting upon the approval of more than half of all independent directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made.

Shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares may request the Board of Directors to convene an extraordinary general meeting by submitting such request in writing. The Board of Directors shall, in accordance with laws administrative regulations, the listing rules of the stock exchange(s) where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a request. If the Board of Directors agrees, it shall issue a notice of the general meeting within five (5) days after the Board resolution is made.

Where the Board of Directors refuses to convene the meeting or fails to provide feedback within ten (10) days of receiving the request, the shareholder(s), individually or jointly holding ten percent (10%) or more of the Company's shares shall have the right to submit a written proposal to the Audit Committee to convene the extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholder(s).

If the Audit Committee fails to issue such notice within the prescribed period, it shall be deemed as having refused to convene and preside over the meeting. Shareholder(s) who have individually or jointly held ten percent (10%) or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the general meeting themselves. Prior to the announcement of the resolutions passed at the general meeting, the shareholding ratio of the convening shareholders shall not be less than ten percent (10%).

Notices of General Meeting

The convener shall notify all shareholders of an annual general meeting by way of announcement at least twenty-one (21) days prior to the date of the meeting and shall notify all shareholders of an extraordinary general meeting by way of announcement at least fifteen (15) days prior to the date of the meeting.

The notice of a general meeting shall include the following particulars:

(i) the date, venue and duration of the meeting;

(ii) the matters and proposals to be submitted for consideration at the meeting;

(iii) a prominent statement that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;

(iv) the record date for determining the shareholders entitled to attend the meetings;

(v) the name and telephone number of the permanent contact person for the meeting; and

(vi) the time and procedures for voting by way of online or other means;

(vii) other requirements stipulated by laws, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, and the Articles of Association.

Resolutions of the Shareholders' General Meeting

Resolutions of the Shareholders' general meeting shall be classified into ordinary resolutions and special resolutions.

A special resolution shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders (including proxies) attending the general meeting.

The following matters shall be approved by way of ordinary resolution at a general meeting:

(i) the report of the Board of Directors on its work;

(ii) the profit distribution plan and the plan for making up losses as proposed by the Board of Directors;

(iii) the appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment;

(iv) all matters other than those required by laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, or the Articles of Association to be passed by way of special resolution.

The following matters shall be approved by way of special resolution at a general meeting:

(i) the increase or reduction of the registered capital of the Company.

(ii) the division, spin-off, merger, dissolution, or liquidation of the Company.

(iii) amendments to the Articles of Association.

(iv) the purchase or sale of significant assets, or provision of guarantees to others within one year, the value of which exceeds thirty percent (30%) of the Company's latest audited total assets;

(v) equity incentive plans;

(vi) variation or abrogation of the rights of class shareholders;

(vii) other matters required to be approved by special resolution under laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed, or the Articles of Association, or other matters that may have a material impact on the Company as determined by an ordinary resolution of the general meeting.

Shareholders (including those attending by proxy) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares held by the Company shall not carry voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

In respect of matters concerning connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting, and the voting rights represented by such connected shareholders shall not be counted in the total number of valid votes.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the Shareholders' general meeting and shall serve a term of three (3) years. Upon expiration of their term, Directors may be re-elected and re-appointed.

Directors may concurrently serve as senior management personnel; however, the number of Directors concurrently holding senior management positions and those serving as employee representatives shall not in aggregate exceed one-half (1/2) of the total number of Directors of the Company.

Board of Directors

Directors of the Company shall be natural persons and may include executive directors, non-executive directors, and independent directors, including at least one professional accountant.

The Board of Directors of the Company shall consist of nine (9) directors, including three (3) independent directors and one (1) employee representative director. The Board shall have one (1) Chairman and three (3) Vice Chairman.

The Board of Directors shall exercise the following powers in accordance with the law and the provisions of the Articles of Association:

(i) to convene general meetings and report to the general meeting on its work;

(ii) to implement resolutions passed by the general meeting;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution plans and plans for making up losses;

(v) to formulate plans for increasing or reducing the registered capital of the Company, and for the issuance of bonds or other securities and listing thereof;

(vi) to formulate significant acquisition, share repurchase, merger, division, dissolution, or change of corporate form proposals of the Company;

(vii) to decide on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and donations to external parties within the scope authorized by the general meeting;

(viii) to determine the organizational structure of the Company's internal management;

(ix) to appoint or dismiss the general manager, the secretary to the Board of Directors, and other senior management personnel of the Company, and to determine their remuneration and disciplinary or reward measures; to appoint or dismiss deputy general managers, the chief financial officer (financial director), and other senior management personnel based on the nomination by the general manager, and to determine their remuneration and disciplinary or reward measures;

(x) to formulate the fundamental management systems of the Company;

(xi) to formulate proposals for amendments to the Articles of Association;

(xii) to manage the Company's information disclosure affairs;

(xiii) to propose to the general meeting the engagement or replacement of the accounting firm responsible for auditing the Company;

(xiv) to hear the general manager's work reports and evaluate the general manager's performance;

(xv) to consider and approve the guarantees outside the scope of Article 49 of the Articles of Association;

(xvi) to consider and approve connected transactions that are required to be reviewed by the Board of Directors in accordance with the Articles of Association or the Connected Transaction Management Measures;

(xvii) to exercise other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, the Articles of Association, or as authorized by the general meeting.

The Board of Directors shall convene no fewer than four (4) meetings each year, which shall be convened by the Chairman. Written notice shall be given to all Directors at least fourteen (14) days prior to the date of the regular meeting.

An extraordinary meeting of the Board of Directors shall be convened and presided over by the Chairman within ten (10) days under any of the following circumstances:

(i) when proposed by shareholders representing more than one-tenth (1/10) of the voting rights;

(ii) when jointly proposed by more than one-third (1/3) of the Directors;

(iii) when proposed by the Audit Committee.

Notice of an extraordinary Board meeting shall be given to all Directors at least three (3) days before the meeting is held. In cases of emergency where the meeting must be convened urgently, notice may be given at any time by telephone, fax or email, and the time limit for giving notice may be waived. However, the convener shall provide an explanation at the meeting.

A meeting of the Board of Directors shall be held only when more than one-half of the Directors are present. A resolution of the Board shall be adopted only by the affirmative vote of more than one-half of all Directors. Voting on Board resolutions shall follow the principle of one person, one vote.

AUDIT COMMITTEE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors, of whom the majority must be independent non-executive Directors, at least one (1) of whom must be an independent director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules, with the chairperson (convener) being an independent Director with accounting expertise.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audit activities, and overseeing internal control. The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

(i) disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;

(ii) engagement or dismissal of the accounting firm responsible for the Company's audit;

(iii) appointment or dismissal of the Company's chief financial officer;

(iv) changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards;

(v) other matters as prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the stock exchange(s) where the Company's shares are listed, and the Articles of Association.

Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

GENERAL MANAGER

The Company shall have one (1) general manager, who shall be appointed or dismissed by resolution of the Board of Directors.

The Company may have several deputy general managers, who shall also be appointed or dismissed by resolution of the Board of Directors.

The general manager shall attend meetings of the Board of Directors as a non-voting participant.

SECRETARY TO THE BOARD

The Company shall appoint a board secretary, who shall be responsible for organizing the Shareholders' general meeting and the Board of Directors, keeping relevant documentation, managing the Company's shareholder information, and handling matters related to information disclosure.

The board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, and the requirements of relevant state authorities.

The Company shall submit and disclose its annual reports to the local office of the CSRC and the stock exchange within four (4) months after the end of each fiscal year. The Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange within two (2) months after the end of the first half of each fiscal year.

The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, rules of the CSRC, and the regulations of the stock exchange(s) where the Company's shares are listed.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

(i) the expiry of the operation term specified in the Articles of Association or the occurrence of any other dissolution event as stipulated therein;

(ii) a resolution on dissolution adopted by the Shareholders' general meeting;

(iii) dissolution required due to merger or division of the Company;

(iv) revocation of the Company's business license, an order for closure, or the Company being deregistered in accordance with the law;

(v) Where the Company experiences significant difficulties in its operation and management, and continuation would cause substantial loss to shareholders' interests, and such issues cannot be resolved by other means, shareholders holding ten percent (10%) or more of the total voting rights may petition the People's Court to dissolve the Company.

If the Company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall proceed with liquidation. The liquidation committee shall be composed of the directors unless otherwise stipulated by the Articles of Association or resolved by the Shareholders' general meeting to appoint other persons.

The liquidation committee shall notify the creditors within ten (10) days from the date of its formation and shall publish an announcement in a newspaper or through the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from receipt of the notice, or within forty-five (45) days from the date of announcement if they did not receive notice.

If, after verifying the Company's assets, balance sheet, and asset inventory, the liquidation committee discovers that the Company's assets are insufficient to cover its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy trustee appointed by the Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report for confirmation by the Shareholders' general meeting or the Court and submit it to the Company's registration authority to apply for deregistration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

where, following an amendment to the PRC Company Law or relevant laws and administrative regulations, any provisions of the Articles of Association conflicts with such amended laws or regulations;

(ii) where changes occur in the Company's circumstances, rendering any provision of the Articles of Association inconsistent with the actual situation;

(iii) where the Shareholders' general meeting resolves to make an amendment.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on April 3, 2014, and was converted into a joint stock company with limited liability on June 17, 2021. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 3, 2025, and have established a place of business in Hong Kong at Room 1910, 19/F, Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Yeung Siu Wai Kitty, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of Articles of Association" in Appendices IV, V and VI to this document.

2. Changes in the Share Capital of Our Company

On November 13, 2023, our Company's registered capital increased from RMB84,620,000 to RMB363,866,000. On July 25, 2025, our Company's registered capital increased from RMB363,866,000 to RMB393,412,551. Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note [1] to the Accountant's Report in Appendix I to this document.

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
Beijing Creality Kangnuo Technology Co. Ltd. (北京創想康諾科技有限公司) .	PRC	July 16, 2024	RMB1,000,000
Shenzhen Creality 3D E-Commerce Co., Ltd. (深圳市創想三維電子商務有限公司)	PRC	October 31, 2024	RMB1,000,000
Guangzhou Creality 3D Software Co., Ltd. (廣州市創想三維軟件有限公司) . .	PRC	December 13, 2024	RMB5,000,000

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
Shenzhen Creality Xingjiang Technology Co., Ltd. (深圳市創想星匠科技有限公司)	PRC	May 9, 2025	RMB20,000,000
Shenzhen NexusMake Technology Co., Ltd. (深圳市創想萬物科技有限公司, formerly known as 深圳市瞬造科技有限公司 ("**Shenzhen NexusMake**"))	PRC	June 6, 2025	RMB5,000,000
Creality (Shenzhen) Technology Co., Ltd (創想三維(深圳)技術有限公司)	PRC	July 31, 2025	RMB20,000,000
NexusMake International Limited (創想萬物國際有限公司, formerly known as 瞬造國際有限公司)	Hong Kong	August 13, 2025	HK$5,000,000
Piocreat 3D (HK) Technology Limited (香港創想三帝科技有限公司)	Hong Kong	June 6, 2025	HK$1,000,000
ChuangXiang (HK) Logistics LIMITED (香港創想物流有限公司)	Hong Kong	September 19, 2025	HK$100,000
Piocreat 3D U.S..	U.S.	April 7, 2025	US$50,000
Creality Ecosystem (US) Inc.	U.S.	June 3, 2025	US$100,000

Creality Eco

On September 4, 2024, the registered capital of Creality Eco increased from RMB3,000,000 to RMB20,000,000.

Shenzhen SuLiYin Technology Co., Ltd. (深圳市速立印科技有限公司)

On November 7, 2025, the registered capital of Shenzhen SuLiYin Technology Co., Ltd. increased from RMB1,000,000 to RMB4,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On July 28, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) the Articles was approved and adopted with effect from the [**REDACTED**];

(b) the [**REDACTED**] (including the [**REDACTED**], [**REDACTED**] and [**REDACTED**]) and the [**REDACTED**] were approved and our Directors were authorized to allot and [**REDACTED**] the [**REDACTED**] pursuant to the [**REDACTED**]; and

(c) the number of H Shares to be [**REDACTED**] shall be up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially [**REDACTED**] pursuant to the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) the third Shareholders' agreement dated July 25, 2025 entered into among the Founders, Creality Chuangwei, Creality Huida, Longge'er Investment, Creality Industrial, Creality Chuangtou, Creality Changsheng, Creality 3D LLP, Creality Yunding, the Pre-[**REDACTED**] Investors and our Company in respect of matters of Shareholders;

(b) [●]; and

(c) the [**REDACTED**].

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1. . . .	Creality 3D	7	Our Company	PRC	21234997	November 6, 2027
2. . . .	创想三维	7	Our Company	PRC	27057251	May 20, 2029
3. . . .	Creality	7	Our Company	PRC	30223418	February 6, 2029
4. . . .	CREALITY	7	Our Company	PRC	32346176	July 6, 2029
5. . . .	CREALITY	9	Our Company	PRC	40179717	August 6, 2030

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
6. . . .	CREALITY	1	Our Company	PRC	43254409	September 13, 2030
7. . . .	CREALITY	17	Our Company	PRC	43279958	November 27, 2030
8. . . .	CREALITY	35	Our Company	PRC	43255226	September 13, 2030
9. . . .	Creality Falcon	7	Our Company	PRC	73267273	January 27, 2034
10. . .	CREALITY	7	Our Company	PRC	75664558	July 6, 2034
11. . .	CREALITY	7	Our Company	PRC	75670686	July 13, 2034
12. . .		7	Our Company	PRC	75679640	June 27, 2034
13. . .		7	Our Company	PRC	75683937	June 27, 2034
14. . .	CREALITY CFS	7	Our Company	PRC	77834020	December 20, 2034
15.. . .	创想三帝	7	Our Company	PRC	80759580	April 6, 2035
16.. . .	ENDER	7	Our Company	Thailand	241118712	May 6, 2031
17.. . .	Ender	7	Our Company	European Union	016508442	March 27, 2027
18.. . .	Ender	7	Our Company	United Kingdom	UK00003304296	April 17, 2028
19.. . .	Ender	7	Our Company	United States	5607160	November 13, 2028
20.. . .	CREALITY	7	Our Company	United States	5726670	April 16, 2029
21.. . .	CREALITY	7	Our Company	European Union	017945728	August 20, 2028
22.. . .	CREALITY	7	Our Company	United Kingdom	UK00003333488	August 23, 2028
23.. . .	CREALITY	7	Our Company	Australia	2032876	August 26, 2029
24.. . .	CREALITY	7	Our Company	Mexico	2064388	August 28, 2029
25.. . .	CREALITY	7	Our Company	Chile	1361452	December 22, 2031
26.. . .	CREALITY	7	Our Company	United Arab Emirates	345953	March 2, 2031
27.. . .	ENDER	7	Our Company	Republic of Argentina	3356365	January 10, 2033
28.. . .	HALOT	7, 17	Our Company	European Union	018390025	February 3, 2031

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
29. . .	CREALITY	7	Our Company	Republic of Argentina	3497703	February 14, 2034
30. . .	CREALITY	7	Our Company	Japan	1691307	August 30, 2032
31. . .	CREALITY	7	Our Company	South Korea	1691307	August 30, 2032
32. . .	CREALITY	7	Our Company	Brazil	1691307	August 30, 2032
33. . .	Creality Falcon	7	Our Company	European Union	018912995	August 11, 2033
34. . .	Creality Falcon	7	Our Company	United States	7635953	December 31, 2034
35. . .	CREALITY	7	Our Company	European Union	18968912	December 27, 2033
36. . .	CREALITY	7	Our Company	United States	7845696	June 24, 2035
37. . .	CREALITY	7	Our Company	United Kingdom	UK00003996451	December 28, 2033
38. . .	CREALITY	7	Our Company	European Union	18968917	December 27, 2033
39. . .	CREALITY	7	Our Company	United States	7675924	February 4, 2035
40. . .	CREALITY	25	Our Company	United States	7716475	March 4, 2035
41. . .	CREALITY	25	Our Company	European Union	018878576	May 23, 2033
42. . .	CREALITY CFS	7	Our Company	United Kingdom	UK00004067638	June 25, 2034
43. . .	CREALITY CFS	7	Our Company	European Union	019044548	June 21, 2034
44. . .		7	Our Company	United States	98332863	October 7, 2035
45. . .	CREALITY	7	Our Company	United States	98332717	October 7, 2035
46. . .	soleyin	17	Our Company	Canada	1845154	February 19, 2035
47. . .	soleyin	17	Our Company	European Union	1845154	February 19, 2035
48. . .	soleyin	17	Our Company	United Kingdom	1845154	February 19, 2035
49. . .	soleyin	17	Our Company	Japan	1845154	February 19, 2035
50. . .	soleyin	17	Our Company	United States	1845154	February 19, 2035

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
51. . .	CREALITY 创想三维	25	Our Company	Hong Kong	306933448	June 17, 2035
52. . .	CREALITY 创想三维	9	Our Company	Hong Kong	306933457	June 17, 2035
53. . .	CREALITY 创想三维	35	Our Company	Hong Kong	306933457	June 17, 2035
54. . .	CREALITY	1	Our Company	Hong Kong	306933493	June 17, 2035
55. . .	CREALITY	7	Our Company	Hong Kong	306933493	June 17, 2035
56. . .	CREALITY	9	Our Company	Hong Kong	306933475	June 17, 2035
57. . .	CREALITY	17	Our Company	Hong Kong	306933493	June 17, 2035
58. . .	CREALITY	25	Our Company	Hong Kong	306933493	June 17, 2035
59. . .	CREALITY	35	Our Company	Hong Kong	306933475	June 17, 2035
60. . .	CREALITY 创想三维	1	Our Company	Hong Kong	306933484	June 17, 2035
61. . .	CREALITY 创想三维	7	Our Company	Hong Kong	306933484	June 17, 2035
62. . .	CREALITY 创想三维	17	Our Company	Hong Kong	306933484	June 17, 2035
63. . .	CREALITY 创想三维	25	Our Company	Hong Kong	306933484	June 17, 2035
64. . .	CREALITY 创想三维	35	Our Company	Hong Kong	306933466	June 17, 2035
65. . .	CREALITY 创想三维	9	Our Company	Hong Kong	306933466	June 17, 2035

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
1. . . .	SPARKX	7	Our Company	PRC	86445643	July 11, 2025
2. . . .	SPARKX	7	Our Company	United States	99286370	July 16, 2025

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
3. . . .	Nexbie	35, 40	Shenzhen NexusMake	United States	99347069	August 20, 2025
4. . . .		35, 40	Shenzhen NexusMake	United States	99347372	August 20, 2025
5. . . .		7	Piocreat 3D Shenzhen	PRC	89754631	January 16, 2026

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Expiry date
1. . .	Automatic leveling device for 3D printer, and 3D printer	Invention Patent	Our Company	South Korea	KR1020227019075	February 8, 2041
2. . .	3D printer extrusion structure	Invention Patent	Our Company	Japan	JP2023572219	June 16, 2041
3. . .	Nozzle arrangement and 3D printing device with the same	Utility Model Patent	Our Company	Germany	DE202024105005	September 30, 2034
4. . .	3D printing nozzle and 3D printer	Utility Model Patent	Our Company	Germany	DE202024105634	September 30, 2034
5. . .	3D printer	Utility Model Patent	Our Company	Germany	DE202024105683	October 31, 2034
6. . .	Warm end as well as nozzle assembly and 3D printing device with this	Utility Model Patent	Our Company	Germany	DE202024105004	September 30, 2034
7. . .	Nozzle arrangement and 3D printing device	Utility Model Patent	Our Company	Germany	DE202024105171	September 30, 2034
8. . .	A quick-install split-flow printing nozzle (一種快裝分流打印噴頭)	Utility Model Patent	Hubei Creality	PRC	2024210784141	May 17, 2034
9. . .	A movable 3D printing nozzle (一種可移動3D打印噴頭)	Utility Model Patent	Hubei Creality	PRC	2024211190314	May 22, 2034
10. . .	A 3D printing granular cartridge (一種3D打印顆粒料料筒)	Utility Model Patent	Hubei Creality	PRC	2024216208935	July 10, 2034
11. . .	A granular 3D printer nozzle (一種顆粒料3D打印機噴頭)	Utility Model Patent	Hubei Creality	PRC	2024221818283	September 6, 2034
12. . .	Height compensation method, device, and computer equipment for printing platform (打印平台的高度補償方法、裝置和計算機設備)	Invention Patent	Our Company	PRC	2022107515573	June 29, 2032

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Expiry date
13. . .	Method, device, computer equipment, and storage medium for determining coordinate data (坐標數據確定方法、裝置、計算機設備和存儲介質)	Invention Patent	Our Company	PRC	202210654790X	June 10, 2032
14. . .	Method, device, computer equipment, and storage medium for determining altitude data (高度數據確定方法、裝置、計算機設備和存儲介質)	Invention Patent	Our Company	PRC	2022108736094	July 21, 2032
15. . .	A printing panel and 3D printer (一種打印面板及3D打印機)	Utility Model Patent	Our Company	PRC	2024215522573	July 2, 2034
16. . .	3D printing equipment (3D打印設備)	Utility Model Patent	Our Company	PRC	2024220557873	August 22, 2034
17. . .	3D printer (3D打印機)	Utility Model Patent	Our Company	PRC	2024220508631	August 22, 2034
18. . .	Nozzle structure and 3D printer (噴嘴結構及3D打印機)	Invention Patent	Our Company	PRC	2024113196733	September 20, 2034
19. . .	Nozzle module and three-dimensional printer (噴嘴模組及立體打印機)	Utility Model Patent	Our Company	PRC	2024227067292	November 6, 2034
20. . .	Switching device and 3D printing apparatus	Invention Patent	Our Company	United States	19/019015	June 30, 2043
21. . .	Multicolor 3D printing method, device, equipment and storage medium (多色3D打印方法、裝置、設備及存儲介質)	Invention Patent	Huizhou Creality	PRC	202510702793X	May 28, 2035

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be material in relation to our business:

No.	Patent	Patent type	Applicant	Place of application	Application number	Application date
1. . .	Height compensation method, device, computer equipment, and storage medium (高度補償方法、裝置、計算機設備和存儲介質)	Invention Patent	Our Company	PRC	2022109683304	August 12, 2022
2. . .	An auto-leveling method, electronic equipment, and computer-readable storage medium (一種自動調平方法、電子設備及計算機可讀存儲介質)	Invention Patent	Our Company	PRC	2023106131871	May 26, 2023

No.	Patent	Patent type	Applicant	Place of application	Application number	Application date
3. . .	Power-off resume printing method, 3D printer, and computer-readable storage medium (斷電續打方法、3D打印機和計算機可讀存儲介質)	Invention Patent	Our Company	PRC	202311648871X	December 2, 2023
4. . .	Automatic calibration method for 3D printing equipment, electronic equipment, and storage medium (3D打印設備的自動校准方法、電子設備及存儲介質)	Invention Patent	Our Company	PRC	2023108159890	July 4, 2023
5. . .	Multi-consumable printing method, 3D printing system, and storage medium (多耗材打印方法、3D打印系統及存儲介質)	Invention Patent	Our Company	PRC	2024111622863	February 5, 2024
6.. . .	Print head assembly and three-dimensional printer (打印頭組件及立體打印機)	Invention Patent	Our Company	PRC	2025106175120	May 13, 2025
7.. . .	Feeding module and 3D printer (上料模組和3D打印機)	Invention Patent	Our Company	PRC	2025102361572	February 28, 2025
8.. . .	Print head and 3D printing equipment (打印頭和3D打印設備)	Invention Patent	Huizhou Creality	PRC	2024118660620	December 17, 2024
9.. . .	Additive manufacturing method and related equipment (增材製造方法及相關設備)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025105582810	April 28, 2025
10. . .	Container assembly, additive manufacturing equipment and additive manufacturing method (容器組件、增材製造設備及增材製造方法)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025105501118	April 28, 2025
11. . .	Coating device and 3D printer (塗料裝置及3D打印機)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025108564119	June 24, 2025
12. . .	Three-dimensional printing control method and related equipment (三維打印控制方法及其相關設備)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025110375191	July 25, 2025
13. . .	An automatic feeding method, equipment, storage medium and 3D printer (一種自動下料方法、設備、存儲介質及3D打印機)	Invention Patent	Huizhou Creality	PRC	202510698621X	May 27, 2025
14. . .	UV full-color 3D printing method, UV full-color 3D printer, equipment and medium (UV全彩3D打印方法、UV全彩3D打印機、設備及介質)	Invention Patent	Huizhou Creality	PRC	2025106983601	May 27, 2025

No.	Patent	Patent type	Applicant	Place of application	Application number	Application date
15. . .	Additive manufacturing method and related equipment (增材製造方法及相關設備)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025105582810	April 28, 2025
16. . .	Container assembly, additive manufacturing equipment and additive manufacturing method (容器組件、增材製造設備及增材製造方法)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025105501118	April 28, 2025
17. . .	Coating device and 3D printer (塗料裝置及3D打印機)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025108564119	June 24, 2025
18. . .	Three-dimensional printing control method and related equipment (三維打印控制方法及其相關設備)	Invention Patent	Piocreat 3D Shenzhen	PRC	2025110375191	July 25, 2025
19. . .	Target object recognition method, laser engraving equipment and computer storage medium (目標對象識別方法、激光雕刻設備及計算機存儲介質)	Invention Patent	Creality Eco	PRC	2025105500435	April 28, 2025
20. . .	Flame detection method and equipment based on laser engraver (基於激光雕刻機的火焰檢測方法及設備)	Invention Patent	Creality Eco	PRC	2025110148751	July 22, 2025

(c) Copyrights

(i) Software copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Expiry date
1. . .	A Slicing Control System for Color 3D Printer (一種彩色3D打印機切片控制系統)	Our Company	2016SR046124	December 31, 2065
2. . .	Creality 3D FDM 3D Printer Slicing Software (創想三維FDM 3D打印機切片軟件)	Our Company	2021SR2067740	N/A[1]
3. . .	Creality 3D FDM 3D Printer Slicing Software (創想三維FDM 3D打印機切片軟件)	Our Company	2023SR0967417	N/A[1]
4. . .	Creality 3D FDM3D Printer Slicing Software (創想三維FDM3D打印機切片軟件)	Our Company	2025SR0232296	N/A[1]
5. . .	Creality 3D FDM3D Printer Slicing Software (創想三維FDM3D打印機切片軟件)	Our Company	2024SR2037321	December 31, 2074

No.	Copyright	Registrant	Registration number	Expiry date
6. . .	Creality 3D Printing Cloud Slicing Service Software (創想三維3D打印雲切片服務軟件)	Huizhou Creality	2021SR1900849	December 31, 2071
7. . .	Laser Engraving Control Software Falcon Design Space (激光雕刻控制軟件Falcon Design Space)	Creality Eco	2024SR1908968	December 31, 2074
8. . .	Laser Engraving Case Library Website craftseek (激光雕刻案例庫網站craftseek)			

Note:

(1) Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) (effective on October 1, 1991 and amended on December 20, 2001, January 8, 2011 and January 30, 2013), the protection period of the software copyright of business entities shall be 50 years, ending on December 31, of the fiftieth year after the first publication of the software. This copyright has not been published.

(ii) Copyrights of works

As of the Latest Practicable Date, we had registered the following copyrights of works which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Expiry date
1. . .	CREALITY	Our Company	Guo Zuo Deng Zi-2021-F-00231270	December 31, 2068
2. . .	CREALITY Creality 3D	Our Company	Guo Zuo Deng Zi-2021-F-00231269	December 31, 2068
3. . .	Ender	Our Company	Guo Zuo Deng Zi-2021-F-00226267	December 31, 2067
4. . .	HALOT	Our Company	Guo Zuo Deng Zi-2021-F-00226268	December 31, 2071
5. . .	Ender logo	Our Company	Guo Zuo Deng Zi-2022-F-10070245	December 31, 2066
6. . .	Creality 3D brand logo	Our Company	Guo Zuo Deng Zi-2024-F-00020516	N/A[1]
7. . .	MAKER	Our Company	Guo Zuo Deng Zi-2025-F-00146141	N/A[1]

Note:

(1) Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (latest amended in November 2020) and its related implementing regulations, the protection period of the copyright of works of business entities shall be 50 years, ending on December 31, of the fiftieth year after the first publication of the copyright. This copyright has not been published.

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1. . . .	www.creality.com	Our Company	October 31, 2029

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], are set out below:

(i) Interest in our Company

Save as disclosed in the section entitled "Substantial Shareholders" in this document, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of our Company.

(ii) Interest in our associated corporations

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document in this section, our Directors and chief executive are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the [**REDACTED**] voting shares of any other member of our Group any other member of our Group.

2. Directors' Service Contracts

Each of our executive Directors has entered into a service contract with our Company, and we have issued letters of appointment to each of our independent non-executive Directors. The principal particulars of these service contracts and letters of appointment comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Directors' Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors by our Group in respect of the last completed financial year, being year ended December 31, 2025, was RMB5.90 million. For details of our Directors' emoluments during the Track Record Period, see note 9 to the Accountant's Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB6.10 million.

D. EMPLOYEE INCENTIVE PLAN

Purpose

The main purpose of the Employee Incentive Plan is to improve the incentive mechanism of our Group, further enhance the work enthusiasm and creativity of the participants of our employees, promote the continued growth of the performance of our Group, and bring economic benefits to our employees while enhancing the value of our Group so as to realize the common development of our employees and our Group.

Administration

The Shareholders' meeting is the highest decision-making body of the Employee Incentive Plan and is responsible for reviewing and approving its formulation, modification, and termination. As approved by the Shareholders, a managing committee (the "**Managing Committee**") comprising the Founders is established for the day-to-day management, implementation, interpretation and amendment of the Employee Incentive Plan.

Eligible Participants

The eligible participants under the Employee Incentive Plan include our Group's management members, technical staff, key personnel, other employees, and other participants as determined by the Managing Committee necessary to be awarded.

Form of Awards under the Employee Incentive Plan

The participants shall subscribe for partnership interests of the ESOP Platforms, which are limited partnerships, as partners according to the number of awards granted under the Employee Incentive Plan, thereby indirectly holding the Shares of our Company by virtue of their capacity as partners of the relevant ESOP Platform.

Lock-up Period and Transfer Restrictions

For the awards granted under our Equity Incentive Plan, such awards will be subject to a service period ending upon (a) the date of successful [**REDACTED**] of our Company on the Hong Kong Stock Exchange, if the employee joined our Group on or before December 31, 2020 (inclusive); or (b) the date of successful [**REDACTED**] of our Company on the Hong Kong Stock Exchange, or 36 months from the date of the grant, whichever is later, if the employee joined our Group after December 31, 2020.

Prior to the [**REDACTED**] of our Company, without the written consent from the Managing Committee, the grantees shall not directly or indirectly dispose the partnership interests held in the ESOP Platforms. If the grantee ceased to be employed by our Group within the abovementioned period, the awards would be forfeited, and the forfeited awards would be purchased back by the Founders or other parties appointed by our Company at the price prescribed in the share incentive plans.

Awards under our Equity Incentive Plan are also subject to mandatory lock-up requirements under applicable laws and regulations (including a lock-up period of one year following the [**REDACTED**] pursuant to the PRC Company Law).

Rights Attached to Awards

The general partners of the ESOP Platforms shall exercise voting rights in respect of the Shares underlying the awards under the Employee Incentive Plan. The eligible participants under the Employee Incentive Plan have the rights to any dividends or distributions from any Shares underlying the awards.

Details of shares held by the ESOP Platforms and interests granted under the Equity Incentive Plans

As of the Latest Practicable Date, all partnership interests in the ESOP Platforms have been granted to and subscribed by the partners, and the relevant registration had been completed. The ESOP Platforms held a total of 25,800,000 Shares in our Company representing approximately 6.6% of the total issued shares of our Company.

Details of grants made to Directors, senior management and connected persons under the Equity Incentive Plans are set out below:

	Percentage of partnership interest in relevant ESOP Platform					
Name	**Creality 3D LLP**	**Creality Changesheng**	**Creality Huida**	**Creality Yunding**	**Approximate number of Shares corresponding to partnership interests held in the ESOP Platforms(1)**	**Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED](2)**
Director and senior management of our Company						
Mr. Chen	–	–	6.51%	–	419,676	0.11%
Mr. Ao	15.35%	–	–	–	989,869	0.25%
Mr. Liu	–	–	–	8.86%	571,696	0.15%
Mr. Tang	–	11.72%	–	–	755,714	0.19%
Mr. FANG Zongdi (方宗棣).	3.45%	–	–	–	222,312	0.06%
Mr. XIE Wujian (謝武建).	–	–	–	8.67%	559,002	0.14%
Connected persons of our Company(3)						
HUANG Xianbin (黃顯彬).	3.79%	–	–	–	244,668	0.06%
ZHANG Zhijun (張志俊).	1.79%	–	–	–	115,242	0.03%
LIU Meijiao (劉美姣).	–	–	–	6.97%	449,352	0.11%
ZENG Zhifei (曾智菲).	–	–	–	5.10%	328,950	0.08%
LEI Shiliang (雷士亮).	–	–	–	1.76%	113,520	0.03%
ZHANG Yisheng (張藝生).	–	–	–	0.83%	53,748	0.01%
WANG Fulin (王付林).	–	–	–	0.83%	53,322	0.01%
Other grantees						
–	75.63%	88.28%	93.49%	66.98%	20,922,929	5.32%

Notes:

(1) To illustrate the indirect interests of grantees in the Shares, the number of Shares is presented and calculated by multiplying the relevant percentage of their partnership interests in the ESOP Platforms by the total number of Shares held by such relevant ESOP Platforms.

(2) For details of the conversion of [**REDACTED**] Shares to H Shares held by the ESOP Platforms, please refer to "History, and Corporate Structure — Capitalization".

(3) Include (i) HUANG Xianbin (黃顯彬), a director of Shenzhen Creality Xingjiang Technology Co., Ltd. (深圳市創想星匠科技有限公司); (ii) ZHANG Zhijun (張志俊), a director of Beijing Creality 3D Technology Co., Ltd. (北京創想三維科技有限公司); (iii) Mr. ZHANG Yisheng (張藝生), a director of Shenzhen SuLiYin; (iv) Ms. LIU Meijiao (劉美姣), a director of Creality Eco; (v) Ms. ZENG Zhifei (曾智菲), a director of Shenzhen NexusMake, and (vi) Mr. LEI Shiliang (雷士亮), a director of Piocreat 3D U.S.; and (vii) Mr. WANG Fulin (王付林), a director of Piocreat 3D (HK) Technology Limited.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares in issue and to be [**REDACTED**] pursuant to the [**REDACTED**] (including any additional H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$600,000 for acting as a sponsor for the [**REDACTED**].

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
King & Wood	Qualified PRC lawyers
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
China Insights Industry Consultancy Limited	Independent industry consultant
Hogan Lovells	Legal advisers to our Company as to International Sanctions laws
Asia-Pacific Consulting and Appraisal Limited	Property valuer
Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited	Transfer pricing tax advisor

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

6. Promoter

Information of our promoters at the time of our Company's conversion into a joint stock limited company on June 17, 2021 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage shareholding
Mr. Chen	12,000,000	15.38%
Mr. Ao	12,000,000	15.38%
Mr. Liu	12,000,000	15.38%
Mr. Tang	12,000,000	15.38%
Longge'er Investment	6,000,000	7.69%
Creality Industrial	6,000,000	7.69%
Creality Chuangwei	6,000,000	7.69%
Creality Chuangtou	6,000,000	7.69%
Creality 3D LLP	1,500,000	1.92%
Creality Changsheng	1,500,000	1.92%
Creality Huida	1,500,000	1.92%
Creality Yunding	1,500,000	1.92%
Total	**78,000,000**	**100%**

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the [**REDACTED**] and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses.

8. Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to [**REDACTED**]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and

(vi) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VII to this document; and

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VII to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.creality.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;

(c) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by King & Wood, our PRC Legal Advisor, in respect of certain aspects and the property interests of our Group in the PRC;

(f) the industry report issued by China Insights Consultancy;

(g) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VII to this document;

(h) the property valuation report prepared by Asia-Pacific Consulting and Appraisal Limited;

(i) the service contracts referred to in "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Directors' Service Contracts" in Appendix VII to this document;

(j) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VII to this document;

(k) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(l) the memorandum issued by Hogan Lovells, our legal advisers as to International Sanctions laws.