The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, or any of our directors and advisors, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy.*

OVERVIEW OF THE INTEGRATED GREEN HOME SERVICES INDUSTRY

The traditional home furnishings industry has long been characterized by excess production capacity and extensive production practices, which have resulted in a wide range of health and environmental issues. Conventional decorative and renovation materials are widely characterized by issues of excessive emissions of formaldehyde, benzene-series substances and other VOCs. These substances pose potential risks to indoor environments and human health. Historically, the industry has relied heavily on cost advantages and scale expansion. Many enterprises have lacked green design principles and systematic management in areas such as raw material selection, production processes, and product durability. As a result, the overall environmental performance remains low and resource utilization efficiency is limited. Traditional production methods are also associated with high energy consumption, low material utilization, and insufficient pollution control, which increase operational costs and intensify environmental burdens. These issues have significantly restricted the industry's transition toward sustainable development.

The industry also faces persistent structural challenges, including severe product homogenization, intense price competition, and pronounced overcapacity. Many enterprises rely primarily on price competition to secure market share and lack sustained investment in product innovation, design and R&D, and brand building. Consequently, product value-add and overall profitability remain low. With upgrading consumer demand and increasingly stringent regulatory requirements, the industry is undergoing structural adjustment and optimization. While low-end capacity is gradually being phased out, all segments of the value chain are accelerating their shift toward greener, smarter, and higher-quality development.

Growing global attention to sustainability and increasing consumer demand for healthier living environments are driving the traditional home industry to transition from extensive manufacturing to greener and more intelligent development models. Competitive dynamics are shifting from homogeneous, price-driven competition toward higher value-add and integrated service capability. Business models are evolving from single-product manufacturing to comprehensive service provision that covers design, materials, production, installation, and after-sales services. By adopting green design principles and digitalized management throughout the entire value chain, enterprises are better positioned to achieve higher-quality and more sustainable growth.

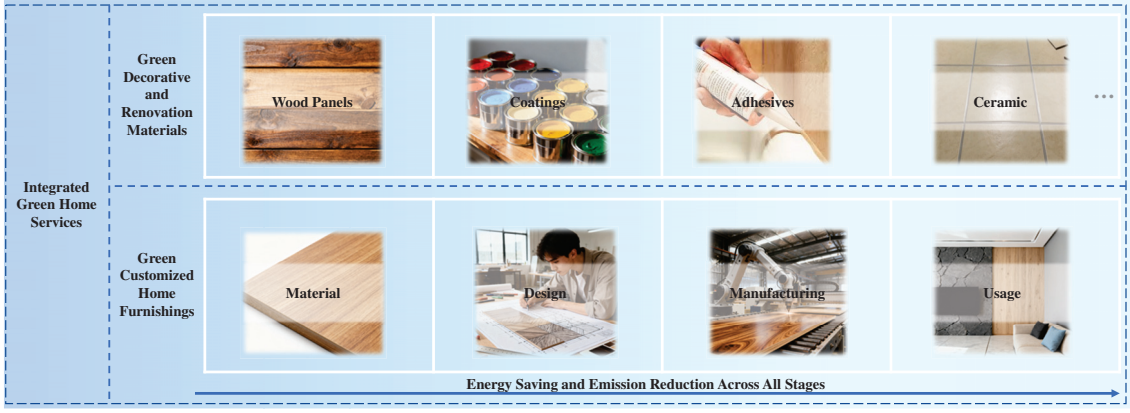
Definition and Classification of Integrated Green Home Services

Integrated green home services refer to an integrated offering that, through the use of non-toxic, low-emission and energy-efficient materials and technologies, combines the provision of green decorative and renovation materials with green customized home furnishings in a coordinated and systemized manner, under principles of environmental protection, health and sustainability. It covers the entire value chain, including design, R&D, production, sales, and maintenance, in order to reduce negative environmental impacts while enhancing the living quality and health outcomes of residents.

From a product perspective, integrated green home services consist of two core categories. The first category includes green decorative and renovation materials, such as wood panels, coatings, ceramics and adhesives that comply with national or international environmental standards. The second category comprises green customized home furnishings, referring to furniture and home products that meet energy-saving, emission-reduction, and environmental health requirements across all stages, including material selection, design, manufacturing, and usage. Together, these two categories form the fundamental structure of the integrated green home services.

The development and implementation of integrated green home services provide consumers with healthier, safer and more cost-efficient living solutions, and are aligned with national policy objectives promoting energy conservation, emission reduction and green consumption. Through the integration of environmental considerations across the value chain, these products and services play a role in supporting the green transformation of the home furnishings industry and the continued improvement of living standards.

Classification of Integrated Green Home Services



Source: The CIC Report

Value Chain of the Integrated Green Home Services Industry

The value chain of the integrated green home services industry is well established, covering multiple stages from green raw material supply to end-user consumption. The upstream segment primarily involves the research, development, and supply of green raw materials, including wood-based raw materials, formaldehyde-free adhesives, bio-based or recycled materials, and energy-efficient coatings. These materials form the foundation for advancing the green transformation of the industry.

The midstream segment focuses on green manufacturing and consists of two key components: the production of green decorative and renovation materials and the manufacturing of green customized home furnishing products. Enterprises in this segment adopt measures such as low-energy-consumption equipment, formaldehyde-free processes, and recycling and reuse systems to improve energy efficiency during production and enhance the environmental performance of their products.

The downstream segment consists mainly of distribution networks and end-user markets. It includes decoration and renovation companies, retail channels, e-commerce platforms, and individual consumers, collectively forming a comprehensive and diversified market structure that enables effective supply-demand matching across the industry.

Value Chain of the Integrated Green Home Services Industry

Source: The CIC Report

Business Models of the Integrated Green Home Services Industry

The business models of integrated green home services providers can generally be classified into product offerings and IP licensing.

Under product offerings, companies sell green decorative and renovation materials as well as home-related products to downstream customers in their own name. Sales arrangements may include distribution, direct sales and other applicable business structures. Depending on specific business arrangements, companies typically participate in product sourcing or production organization, inventory management, delivery and after-sales services, and assume corresponding quality and after-sales responsibilities within the transaction structure. Under this model, companies act as the transaction counterparties, conduct direct settlement with customers, and adopt relatively clear revenue recognition and cost accounting processes. This model helps meet downstream customers' general requirements in terms of compliance management, quality assurance and responsibility allocation, and represents a mature and commonly adopted business arrangement in the industry.

Under IP licensing, companies license their relevant intellectual property rights and trademarks to qualified partners, who organize production and sell the relevant products in accordance with the licensing arrangements. Companies primarily generate revenue by collecting licensing fees or brand-related service fees, while exercising control over the overall quality and use of licensed products through authorization management, quality standards setting and supervision mechanisms. Under this model, the production, sales and corresponding responsibilities of the licensed products are generally borne by the licensees within the scope agreed under the relevant contracts. This model enables companies to expand product coverage and sales networks while maintaining a controlled level of operational complexity. From an industry-wide perspective, integrated green home services providers typically adopt a flexible combination of product offerings and IP licensing, taking into account product characteristics and channel structures. Differences in business processes and responsibility allocation under the respective arrangements allow them to be applied to different commercial scenarios, and such practices have gradually evolved into relatively stable operating approaches within the industry.

The integrated green home services market in China is sizable, has reached approximately the trillion-level scale in 2024. Despite its scale, the industry remains highly fragmented with relatively low concentration. As environmental standards become more stringent, demand for green products increases, and enterprises enhance their capabilities in scale-based and standardized operations, the market is gradually shifting toward leading enterprises with strong green manufacturing capabilities, comprehensive product portfolios, and well-established distribution networks. With smaller companies continuing to exit the market, industry concentration is expected to rise, providing significant growth potential for leading players.

OVERVIEW OF CHINA'S GREEN DECORATIVE AND RENOVATION MATERIALS INDUSTRY AND GREEN WOOD-BASED PANEL INDUSTRY

Definition and Classification of Decorative and Renovation Materials

Decorative and renovation materials represent an essential component of the building and home furnishing industries. They primarily refer to materials used to decorate or protect interior and exterior walls, ceilings, floors, and other structural surfaces, while also providing certain functional attributes. Based on material form and application, decorative and renovation materials can be categorized into several product groups, including panels, coatings, ceramics, metal hardware, plastic piping materials, and other auxiliary materials.

In recent years, the advancement of China's "dual-carbon" goals and the continued implementation of green building policies have created structural opportunities for industry upgrading. Green, environmentally friendly, and energy-efficient products have become the main direction of development across the sector. Among the various material categories, wood-based panels serve as a critical foundational material in the decoration and renovation process. They offer advantages such as high resource utilization, strong production efficiency, and relatively controllable cost, making wood-based panels one of the most promising segments in the industry's green transformation.

To standardize product environmental performance, China issued the *Formaldehyde Emission Grading for Wood-Based Panels and Finishing Products*, which classifies indoor wood-based panels and related finishing products into three formaldehyde emission grades: E_1, E_0, and E_{NF}, with E_{NF} being the strictest standard. In addition, the mandatory national standard *Indoor Decorating and Refurbishing Materials — Limit of Formaldehyde Emission of Wood-Based Panels and Finishing Products* released in 2025 has further raised environmental requirements. The new standard significantly shortens the testing cycle, and stipulates that wood-based panel products must meet the E_1 emission limit, while wood-based panel finishing products must meet the E_0 limit providing new policy momentum for the adoption of green wood-based panels and driving further industry upgrading.

Formaldehyde Emission Classification of Indoor Wood-Based Panels and Finishing Products

Formaldehyde Emission Limit Grade	Limit Value (mg/m^3)
E_1	≤0.124
E_0	≤0.050
E_{NF}	≤0.025

Source: Formaldehyde Emission Classification of Wood-Based Panels and Finishing Products, The CIC Report

Green Wood-Based Panels Driving the Green Transformation of the Decorative and Renovation Materials Industry

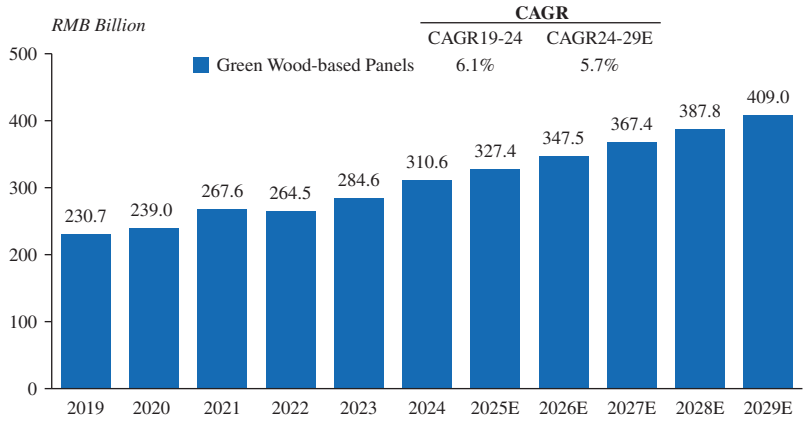
Green wood-based panels generally refer to panel products that meet requirements for health, environmental protection and sustainability in terms of raw material selection, manufacturing processes and product performance. Through the use of formaldehyde-free or low-formaldehyde adhesives, bio-based or recycled raw materials, and energy-saving and emission-reducing manufacturing processes, green wood-based panels offer notable advantages in reducing harmful substance emissions, improving indoor air quality, and enhancing resource utilization efficiency.

With increasingly stringent environmental standards and rising consumer awareness of health and aesthetics, traditional wood-based panels are rapidly upgrading toward green wood-based panel products. The wider adoption of green wood-based panels is expected to further drive the decorative and renovation materials industry toward lower carbon emissions, circularity, and higher product quality, providing essential support for green building and green home systems.

Market Size of China's Green Wood-Based Panels

China's green wood-based panel market increased from RMB230.7 billion in 2019 to RMB310.6 billion in 2024, representing a compound annual growth rate (CAGR) of 6.1%. The market is expected to grow at a CAGR of 5.7% and reach RMB409.0 billion by 2029.

Market Size of China's Green Wood-Based Panels, by Sales Value, 2019-2029E



Source: National Bureau of Statistics of China (NBS), China National Forest Products Industry Association, The CIC Report

Key Drivers and Development Trends of the Green Wood-Based Panel Industry in China

- **Continuous enhancement of environmental standards:** With the ongoing implementation of national green building policies and healthy living standards, environmental requirements in the wood-based panel industry continue to rise. Against the backdrop of national initiatives to develop "good houses, good communities, good neighborhoods and good cities" together with ongoing improvements to rural living environments, building and interior decoration materials are increasingly required to go beyond basic regulatory compliance and further incorporate long-term health attributes and environmental friendliness. Formaldehyde emission limits are upgrading from E_1 to E_0 and E_{NF} levels, and some leading enterprises have begun exploring higher-performance HE_{NF}-grade products. As a fundamental material in interior decoration, the enhancement of environmental performance of wood-based panels has become a key direction for technological upgrading and product iteration across the industry, which is steadily transitioning toward a higher-quality development stage.

- **Innovation in green materials and manufacturing processes:** Continuous innovation in green materials and environmentally friendly processes is a key driver of industry upgrading. The adoption of new materials such as formaldehyde-free or low-formaldehyde adhesives, recycled fibers, and bio-based raw materials has been increasing, while energy conservation, emission reduction, and resource recycling in the production process have been significantly enhanced. Supported by applications such as the renovation of old residential communities, affordable housing construction, and existing building upgrades, demand for low-emission and performance-stable wood-based panels continues to grow, driving faster iteration of material systems and production processes within the industry. At the same time, the industry is evolving from single-focus low-formaldehyde products toward multifunctional solutions, including fire-retardant, antimicrobial, and moisture-resistant panels. These developments further expand application scenarios and enhance the overall competitiveness of green wood-based panels.

- **Intelligent manufacturing and scale-driven cost reduction:** Driven by Industry 4.0 and intelligent manufacturing technologies, automated production lines, information-based control systems, and digital testing equipment have been widely adopted in wood-based panel production. The application of smart technologies has substantially improved production efficiency and product consistency, while increasing raw material utilization and reducing energy consumption. With the expanding scale of demand for green products, companies possessing scalable green manufacturing capabilities and robust quality control systems are increasingly strengthening their competitive positions in cost control and supply reliability. Intelligent and scaled manufacturing has also effectively lowered unit production costs, supporting broader adoption of green wood-based panels in the mass market.

- **Rising consumer awareness of environmental protection:** As health-conscious consumption becomes more prevalent and consumer attention to living environment quality increases, demand for environmentally friendly home renovation materials has grown significantly. Wood-based panels, as core materials that remain in long-term contact with indoor living spaces, have a direct impact on residential health and therefore receive strong consumer attention. The rising public awareness of environmental protection not only drives growth in demand for green products, but also encourages industry participants to accelerate the establishment of end-to-end quality management systems covering raw material selection, production processes and finished-product inspection, thereby further enhancing the market penetration of green wood-based panel products.

Competitive Landscape of China's Green Wood-Based Panel Market

China's wood-based panel industry has long been large in scale yet structurally fragmented. As the environmental performance of wood-based panel products improves, the industry is undergoing a gradual green transition. Companies with scalable green manufacturing capabilities are progressively strengthening their competitive positions, and the industry landscape is showing an emerging trend toward concentration among leading green manufacturers. Based on the revenue of green wood-based panels in 2024, the Company ranked third among green wood-based panel enterprises in China.

Ranking of Green Wood-Based Panel Enterprises in China Based on Revenue in 2024

Ranking	Company	Revenue *(Product Offering Only)*	Revenue *(IP Licensing Only)*	Brand-Based Sales Value*
		(RMB Billion)	*(RMB Billion)*	*(RMB Billion)*
1	Company A[(1)]	~4.8	~0.5	~10.0-12.0
2	Company B[(2)]	~4.0	~0.4	~7.0-9.0
3	The Company	2.3	0.4	6.0
4	Company C[(3)]	~0.2	~0.3	~3.0-3.5

Source: Annual Report, The CIC Report

Notes:

* Brand-based sales value refers to the aggregate sales value of wood-based panels bearing the Company's trademarks, including (i) revenue generated from direct sales of wood-based panels by the Company and (ii) the number of wood-based panels manufactured by OEM Partners, multiplied by the Company's selling price of comparable wood-based panels.

(1) Company A is operating in decorative and renovation materials focused on green wood-based panels and whole-house customization. Company A is a publicly listed enterprise established in 2001, headquartered in Zhejiang, China, listed on the Shenzhen Stock Exchange (SZSE).

(2) Company B is a decorative and renovation materials company primarily engaged in the R&D, production and sales of wood-based panels. Founded in 1999 and headquartered in Zhejiang, China, Company B is a publicly traded company whose shares are quoted on the National Equities Exchange and Quotations (NEEQ).

(3) Company C is a manufacturer specializing in wood-based panels and solid wood customized home products. Company C is a private enterprise established in 2016, headquartered in Zhejiang, China.

Challenges and Entry Barriers of the Green Wood-based Panel Industry

- **Technology and process barriers:** Green wood-based panels involve environmentally friendly material systems, low-emission adhesive technologies and stable manufacturing processes, which require strong capabilities in materials R&D and engineering implementation. Long development cycles and high trial-and-error costs make it difficult for new entrants to establish mature and stable green product systems in the short term.

- **Barriers related to scaled manufacturing and quality consistency:** As demand for green products expands, downstream customers are placing higher requirements on both environmental performance and the stability of bulk supply. Enterprises with scalable green manufacturing capabilities and well-established quality management systems enjoy advantages in cost control and supply reliability, while new entrants face challenges in capacity ramp-up and maintaining consistent product quality.

- **Entry barriers arising from increasing industry concentration:** Amid tightening environmental regulation and the advancement of industry-wide green transformation, competition is gradually concentrating toward leading players with technological and scale advantages. Strengthening economies of scale and bargaining power are raising overall entry barriers.

OVERVIEW OF CHINA'S GREEN HOME FURNISHING INDUSTRY AND GREEN CUSTOMIZED HOME FURNISHINGS INDUSTRY

Definition and Classification of Home Furnishings

Home furnishings refer to a broad range of products used in residential spaces to meet functional and decorative needs. These include furniture, soft furnishings, and related supporting fixtures. Home furnishing products serve not only functional purposes such as spatial usage and storage, but also play an important role in enhancing living comfort and expressing aesthetic preferences. Based on production and design characteristics, home furnishing products can be further classified into standardized products and customized products.

Customized home furnishings refer to products designed according to individual preferences, floor plan features, and spatial layout requirements, and produced through flexible and scalable manufacturing processes. The core value of customized home furnishings lies in meeting personalized needs while achieving standardization and efficiency in design, manufacturing, and delivery. This model represents an important direction in the industry's transition from traditional mass manufacturing toward digitalized and intelligent production.

Compared with non-customized products, customized home furnishings offer significant advantages in material selection, spatial design coherence, and dimensional accuracy. Through personalized design combined with large-scale production, customized home furnishings deliver higher product and service value. In terms of material selection, customized home furnishing enterprises typically conduct strict screening and quality control of raw materials, prioritizing green, environmentally friendly, and health-oriented wood-based panels and auxiliary materials to ensure product safety and sustainability. In terms of spatial style, customized home furnishings enable unified design that aligns with overall floor plans and interior themes, resulting in better functional and aesthetic integration. In terms of dimensional compatibility, products can be tailored to specific room layouts and usage scenarios to maximize space utilization and reduce waste. Through flexible production enabled by information-based management and intelligent manufacturing systems, enterprises can effectively connect personalized design with scalable production, balancing cost control and delivery efficiency.

Green Customized Home Furnishings as a Key Development Direction in the Home Furnishing Industry

Green customized home furnishings refer to customized products that use green wood-based panels as the primary materials, while incorporating energy-saving, emission-reducing, and sustainability principles throughout the design, production, and delivery processes. These products not only fulfill functional and aesthetic requirements in living spaces but also place greater emphasis on environmental performance and low-carbon manufacturing, representing an important development direction within the broader green home furnishing industry.

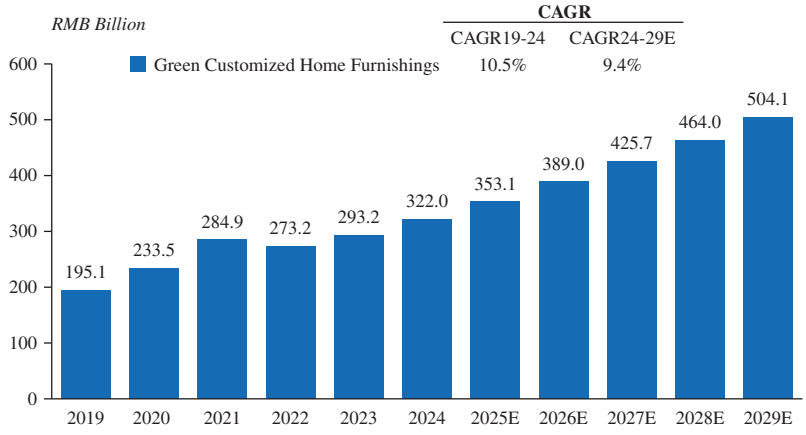
Customized home furnishings, due to their inherent advantages in material selection, spatial compatibility, and production models, are better positioned to achieve early green transformation. On one hand, customized home furnishing enterprises typically maintain strong control over raw material sourcing and can prioritize the use of low-formaldehyde panels, environmentally friendly adhesives, and other green auxiliary materials, thereby ensuring product health and safety from the source. On the other hand, flexible yet scalable manufacturing models provide a solid foundation for the integration of green manufacturing practices, helping enhance energy efficiency and reduce waste generation.

With the ongoing progress of China's "dual-carbon" policies and rising consumer awareness of health and environmental protection, the focus of customized home furnishings is expanding from personalized design and spatial efficiency to include environmental performance, green attributes, and sustainability. As a result, green customized home furnishings are increasingly becoming a major development trend within the industry.

Market Size of China's Green Customized Home Furnishings

China's green customized home furnishings market grew from RMB195.1 billion in 2019 to RMB322.0 billion in 2024, representing a CAGR of 10.5%. The market is expected to expand at a CAGR of 9.4% and reach RMB504.1 billion by 2029.

Market Size of China's Green Customized Home Furnishings, by Revenue, 2019-2029E



Source: NBS, The CIC Report

Key Drivers and Development Trends of the Green Customized Home Furnishings Industry

- **Consumption upgrading and rising demand for health and environmental protection:** As home renovation consumption becomes more rational and quality-oriented, consumer attention to health, environmental protection, and low-formaldehyde materials continues to increase. As policies increasingly emphasize residential safety, comfort and overall spatial quality, customized home furnishing products are evolving to place greater focus on health, safety and integrated solution attributes. Green attributes and environmental performance have become important decision factors when purchasing customized home furnishings. Green customized home furnishings, with their safer and more health-oriented product characteristics, are gaining higher consumer recognition and are becoming a core selling point and competitive focus within the industry.

- **Acceleration of whole-home customization and finished-product delivery:** As renovation needs shift from individual products to integrated spatial design, the market is transitioning from standalone furniture purchases to whole-home customization solutions. This trend is driving enterprises to enhance standardization and finished-product capabilities across design, production, and installation processes. As demand for existing housing upgrades, old-home renovations and partial space refurbishments continues to

increase, brands that can integrate design, production and installation to deliver efficiently and reliably are increasingly favored by consumers, while finished delivery capabilities are emerging as a key indicator of competitiveness.

- **Integration of personalization and intelligence:** Consumers' growing demand for style, functionality, and personalized expression in living spaces is making personalized design a major selling point in customized home furnishings. Meanwhile, as the penetration rate of smart home technologies increases, green customized home furnishing products are evolving toward multifunctional and smart features, offering both aesthetic value and enhanced convenience and practicality.

- **Diversified channels and market penetration into lower-tier cities:** Online and offline channels continue to integrate, enabling enterprises to improve customer acquisition and market reach through new retail models and digital tools. At the same time, companies are accelerating their expansion into lower-tier cities and county-level markets to serve a broader customer base. With housing improvement demand gradually expanding beyond core cities, supported by the enhancement of localized delivery and service capabilities, green customized home furnishings are seeing increasing depth and stability of market penetration in lower-tier markets. With rising local demand for improved living conditions, green customized home furnishing products are gaining wider acceptance in these markets, contributing to more stable growth opportunities in lower-tier regions.

- **Fragmented industry structure:** The customized home furnishings industry remains fragmented due to variations in regional consumption patterns, channel structures, and delivery radius constraints. Competitive players across regions leverage localized operational capabilities and differentiated product strategies to build their respective strengths, resulting in a multi-centered competitive landscape.

Competitive Landscape of China's Green Customized Home Furnishings Market

China's green customized home furnishings market presents a diversified competitive landscape. As demand for environmentally friendly and customized products continues to rise, enterprises' capabilities in green material application, supply chain integration and service delivery have increasingly become key sources of competitive differentiation. While a number of players have expanded their operations nationwide, overall market concentration remains limited, with competition shaped by regional consumption patterns and diversified channel structures. Based on revenue in 2024, the Company ranked between 11th and 15th among green customized home furnishing enterprises in China.

Ranking of Green Customized Home Furnishing Enterprises in China, Based on Revenue in 2024*

Ranking	Company	Revenue
		(RMB Billion)
1	Company D(1)	~18.9
2	Company E(2)	~10.5
3	Company F(3)	~5.3
4	Company G(4)	~3.8
5	Company H(5)	~3.5
6	Company I(6)	~1.9
7	Company A	~1.7
8	Company J(7)	~1.4
9	Company K(8)	~1.0
10	Company L(9)	~0.9
	...	
11-15	The Company	0.7

Source: Annual Report, The CIC Report

Notes:

* Based on publicly available data.

(1) Company D is a supplier of customized home solutions, including kitchen cabinets, wardrobes, bathroom units, and wooden doors. Company D is a publicly listed company founded in 1994, headquartered in Guangdong, China, listed on the Shanghai Stock Exchange (SSE).

(2) Company E is specializing in dealing with whole-house custom cabinets, kitchens, wooden doors, and related products. Company E is a publicly listed enterprise established in 2003, headquartered in Guangdong, China, listed on the SZSE.

(3) Company F is a whole-home customized furnishing service provider that offers integrated solutions for consumers. Company F is a listed company founded in 2005, headquartered in Anhui, China, listed on the SSE.

(4) Company G is a manufacturer operating in the customized production and sales of whole-house panel furniture. Company G is a publicly listed enterprise founded in 2004, headquartered in Guangdong, China, listed on the SZSE.

(5) Company H is a provider of integrated whole-house customization solutions, offering research, design, production, and sales services. Company H is a publicly listed enterprise established in 1999, headquartered in Fujian, China, listed on the SSE.

(6) Company I specializes in whole-house furniture customization, providing overall customized solutions. Company I is a publicly listed enterprise founded in 2007, headquartered in Guangdong, China, listed on the SSE.

(7) Company J is a manufacturer offering kitchen cabinets, custom wardrobes, and whole-house custom furniture. Company J is a listed company founded in 2006, headquartered in Jiangsu, China, listed on the SSE.

(8) Company K is a supplier of offering custom wardrobes, supporting furniture, hardware, and custom ecological doors. Company K is a publicly listed enterprise established in 2002, headquartered in Guangdong, China, listed on the SZSE.

(9) Company L is operating in the customization of kitchen cabinets, wardrobes, and related supporting products. Company L is a publicly listed enterprise founded in 2005, headquartered in Guangdong, China, listed on the SZSE.

Challenges and Entry Barriers of the Green Customized Home Furnishings Industry

- **Brand and trust barriers:** Green customized home furnishings products are closely linked to residential health and safety, leading consumers to place significant emphasis on brand reputation and credibility. Building brand strength requires long-term accumulation of delivery reliability and service quality, creating substantial obstacles for new entrants in customer acquisition and market expansion.

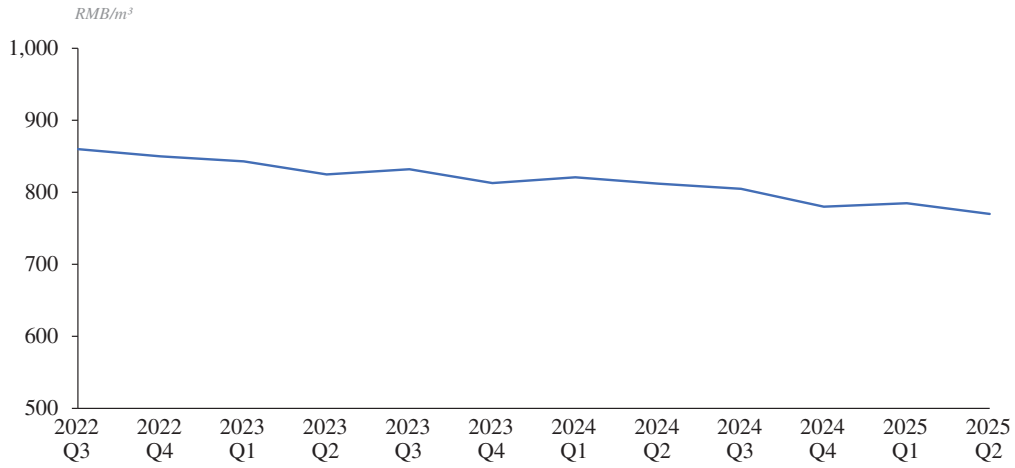
- **Barriers related to system delivery and digital capabilities:** Customized home furnishings involve multi-category combinations, personalized design and flexible production, placing high demands on digital systems and cross-process coordination. Enterprises lacking sufficient digital support often struggle to achieve competitive performance in delivery efficiency, cost control and quality stability.

- **Channel and service network barriers:** The customized home furnishings sector relies heavily on offline channels, installation, delivery and after-sales services. Leading enterprises typically have well-established channel networks and service systems, whereas new entrants face significant upfront investment requirements in channel development and service capability building.

TRENDS AND ANALYSIS OF MAJOR RAW MATERIAL PRICES

The main raw materials required for production include wood-based raw materials, adhesives, decorative finishes, edge banding materials, and packaging auxiliaries. Among these, wood-based raw materials represent one of the core cost components. Green wood-based panels and customized home furnishing products primarily use fast-growing wood species such as Chinese fir, eucalyptus, pine, and poplar. In recent years, supported by stable domestic plantation areas and diversified import channels, the overall supply of wood has remained sufficient, and prices have stayed within a relatively stable range. For example, the price of Chinese fir showed limited fluctuation between Q3 2022 and Q2 2025, with a mild oscillating downward trend. Looking ahead, as domestic plantation resources continue to be released and downstream demand structures remain stable, wood prices are expected to continue operating within a stable range, supporting cost control and operational stability for enterprises.

Price Trend of Chinese Fir (Yunnan-Guizhou Region), 2022 Q3-2025 Q2



Source: China Timber & Wood Products Distribution Association, The CIC Report

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of China's integrated green home services industry. We have agreed to pay a fee of RMB583,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into "Summary," "Business," "Financial Information," and elsewhere in this document to provide potential with a comprehensive presentation of the industries where we operate. Our Directors confirm, to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the CIC report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information set out in this section.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in China's integrated green home services industry throughout the forecast period; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.