
BUSINESS

OVERVIEW

Who We Are

We are an established PVC flooring export manufacturer with a leading position in the SPC flooring in China. As a comprehensive flooring export manufacturer with almost 20 years of industry experience, we are dedicated to providing high-quality PVC flooring products for global customers, focusing on innovative products, intelligent manufacture, and global business development. According to Frost & Sullivan, we ranked eighth among China-based PVC flooring export manufacturers in terms of global PVC flooring sales area in 2024, with a market share of 0.61%, and ranked first among China-based PVC flooring export manufacturers in terms of global SPC flooring sales area in 2024, with a market share of 1.02%.

What We Do

We design, develop, manufacture, and export PVC flooring products. Our PVC flooring products include SPC, LVT, and WPC flooring products. Our core product, SPC flooring, features strong water and moisture resistance, high fire resistance and flame retardancy, and easy installation. Our products have passed the FloorScore certification in the United States. In addition, we have obtained ISO9001 International Quality Management System Certification, ISO14001 International Environmental Management System Certification, CE Certification in European Union, EPD Carbon Emission Certification, and China Environmental Label Product Certification.

We primarily adopt the ODM model to provide one-stop solution covering customized product design, development, manufacture services, customs clearance, and logistics services to well-known overseas building material brands and retailers, establishing long-term business relationships. Our products are highly popular in international markets, and with customers spreading across the world covering China, Europe, the United States, and other countries and regions. In 2023 and 2024 and for the nine months ended September 30, 2025, our overseas revenue accounted for 96.0%, 97.9%, and 99.4% of our total revenue, and our U.S. revenue accounted for 79.6%, 68.5%, and 81.2% of our total revenue, respectively, reflecting our global footprint.

BUSINESS

To ride the tide of China’s Belt and Road initiative and policies in favor of manufacturers expanding overseas, as well as to adapt to changes in the international trade landscape, we strategically established a production base in Vietnam in 2023. It has a gross floor area of 53,000 square meters. The Vietnam production base began operations in July 2023, and its 24 production lines are equipped with advanced equipment. The estimated annual production capacity of our Vietnam production base was 24.1 million square meters. The main export destinations of our Vietnam production base are United States and Europe. In addition, we are constructing a second production base in Vietnam, including a factory with gross floor area of 17,000 square meters, 8 production lines, and an estimated annual production capacity of 8.0 million square meters. The second Vietnam production base is expected to be completed and operational in 2026. Furthermore, our production base in Changzhou, China was established in 2008, and its factory has a gross floor area of 108,600 square meters and 24 production lines. As of September 30, 2025, the annual production capacity of our Changzhou production base is 27.8 million square meters. Our Changzhou production base primarily supplies Europe, Canada, and Southeast Asia, and is undergoing a transition to support our future development plan in other regions. Our relatively early establishment of overseas production bases in the flooring industry has allowed us to accumulate extensive experience in cross-region production capacity layout, flexibly allocate production resources, efficiently respond to the evolving requirements for product origin in different markets, and enhance the resilience of our supply chain and market competitiveness.

Our Market Opportunities

The PVC flooring industry presents a continued growth opportunity for us. There has been increasing consumer awareness of environmental protection and material safety. This leads to a trend of replacing traditional, less eco-friendly flooring products with PVC flooring products in both commercial and residential settings driven by the need for durable, easy-to-install, aesthetically pleasing, and eco-friendly flooring materials. According to Frost & Sullivan, the global market size of PVC flooring in terms of manufacturers’ revenue is expected to increase from RMB173.7 billion in 2024 to RMB250.2 billion in 2029, representing a CAGR of 8.5%. The global market size of SPC flooring in terms of manufacturers’ revenue is expected to increase from RMB91.8 billion in 2024 to RMB142.2 billion in 2029, representing a CAGR of 10.7%.

BUSINESS

Our Innovation

Our innovation focuses on optimizing both the production process and the products themselves. During the Track Record Period, the aggregate research and development expenses that we incurred amounted to RMB93.6 million. We have established cooperation with Nanjing Forestry University, whose professors serve as long-term technical advisors to our Company. In addition, we have jointly established a postdoctoral workstation with Research Institute of Wood Industry of China Academy of Forestry. We have developed Comfort Core technology, which enhances noise reduction of our flooring products. In addition, we are dedicated to intelligent manufacture, continually introducing advanced equipment and systems. We have deployed an automated, intelligent MES in our production facilities, greatly improving production efficiency and quality control. As of September 30, 2025, we had 68 patents relating to the flooring products, and had been recognized as a national High-Tech Enterprise, a Top Ten Flooring Brand in China, a Specialized and Innovative Small and Medium Sized Enterprise in Jiangsu Province, certified as an enterprise with ‘Same Line, Same Standard, Same Quality’ by the Jiangsu Provincial Government, and a Leading Forestry Enterprise of Jiangsu Province.

Our Financial Performance

In 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our revenue was RMB1.42 billion, RMB972.5 million, RMB673.0 million, and RMB959.7 million respectively. Our net profit was RMB125.2 million, RMB52.7 million, RMB13.0 million, and RMB74.1 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. The decreases in our revenue and net profit from 2023 to 2024 were primarily due to a decrease in orders from the U.S. market, our largest market, as a result of the impact of trade war-related tariffs in 2024. Our financial performance rebounded for the nine months ended September 30, 2025, benefiting from the fulfillment of increasing orders from North America out of our production facility in Vietnam.

OUR STRENGTHS

We believe that the following competitive strengths differentiate us in the market.

A leading SPC flooring export manufacturer in China with differentiated product competitiveness and visionary global production capacity layout

We are a leading SPC flooring export manufacturer in China and have planned visionary global production capacity. According to Frost & Sullivan, we ranked eighth among China-based PVC flooring export manufacturers in terms of global PVC flooring sales area in 2024, with a market share of 0.61%, and ranked first among China-based PVC flooring export manufacturers in terms of global SPC flooring sales area in 2024, with a market share of 1.02%. Our achievement is primarily attributed to (i) a differentiated product portfolio focusing on high-tech, high-performance flooring and (ii) visionary establishment of our Vietnam production base and its prompt commencement of operations in 2023 in light of changing international trade landscape.

BUSINESS

Our product portfolio focuses on meeting the global market demand for durable, easy-to-install, aesthetically pleasing, and eco-friendly flooring materials. Our PVC flooring products include SPC, LVT, and WPC flooring products, which together accounted for over 90% of our total revenue in each year or period during the Track Record Period. Compared with traditional laminate and solid wood flooring, our PVC flooring products have inherent advantages in water and moisture resistance, fire resistance and flame retardancy, and easy installation. Our continued innovation, enables us to launch two to three new products each year, ensuring that our product performance and environmental standards remain top tier at the market, responsive to the demand for next-generation eco-friendly flooring in the European and American markets. During the Track Record Period, we have customized over 3,000 types of products to be delivered to meet the diverse needs of our customers.

We recognized early the long-term challenges resulting from the sophisticated international trade landscape and was among the first in the flooring industry to establish large-scale overseas production capacity. Flooring products from our Vietnam production base are eligible to be exported to the United States as Vietnam-origin goods. This allows us to effectively reduce tariff costs, build a more resilient global supply chain, and maintain and enhance our price competitiveness in the U.S. market. In addition, our visionary overseas presence enables us to reach more high-quality international customers and maintain long-term cooperation with overseas customers, ensuring the sustainability of our business. Despite the occasional trade frictions in recent years, we have been able to maintain sustainable operation. In 2023 and 2024 and for the nine months ending September 30, 2025, our revenue was RMB1.42 billion, RMB972.5 million, and RMB959.7 million,, respectively. We are planning to further expand our Vietnam production base to provide capacity support for receiving more international customer orders.

We currently have two operating production bases in China and Vietnam, forming a highly synergistic dual-engine operating model. This model provides us with significant operating flexibility. On one hand, it effectively diversifies the potential policy, environmental, or operational risks in a single region, ensuring the resilience of the overall supply chain. On the other hand, it allows us to allocate orders between these two production facilities, providing flexibility to our customers. The Changzhou production base focuses on serving Europe, Canada, and Southeast Asia markets, and also serves as a research and development base. Our Vietnam production base primarily serves the U.S. and Europe markets. In 2023 and 2024 and for the nine months ended September 30, 2025, the total production volume of our products reached 28,524.1 thousand square meters, 20,682.1 thousand square meters, and 16,445.2 thousand square meters, respectively.

BUSINESS

Long-term, stable, and mutually beneficial business relationships with high-quality customers worldwide, leveraging almost 20 years of in-depth industry experience

After almost 20 years of operations, we have accumulated a large number of high-quality customers in Europe and United States, and have established long-term, stable business relationships with our key customers. We primarily adopt the ODM model to provide customized product design, development, and manufacture services to well-known overseas building material brands and retailers.

Our customers can leverage our mass production capabilities, technical expertise, and supply chain management efficiency to focus on their own branding and marketing. Our business partnership with Customer A, one of the largest home building material importers in the United States, has lasted for almost 10 years. We manufacture flooring through the ODM model under the brands of both Customer A and a leading home improvement retailer in the U.S. We have evolved from a mere supplier into a business partner of Customer A following years of cooperation, currently encompassing product concept design, joint research and development, raw material sourcing, manufacture processing, and quality control. In 2023 and 2024 and for the nine months ended September 30, 2025, Customer A contributed 63.3%, 45.3%, and 53.9% of our total revenue, respectively, reflecting the depth and stability of business relationship. Cooperation with these internationally renowned customers highlights our outstanding product design, production quality control, and supply chain management capabilities, and solidifies our position as a key supplier in the North American home building material supply chain. Long-term, in-depth cooperation with core customers such as Customer A provides us with highly visible order flow, greatly enhancing performance stability.

We actively expand our customer base. Besides Customer A, we work with several leading building material brands and retailers in North America and Europe. The revenue contribution from our top five customers has been decreasing, further diversifying our customer base. In 2024, 92.6% of our total revenue generated from customers who have purchased our products in 2023. For the nine months ended September 30, 2025, 94.1% of our total revenue generated from customers who have purchased our products in 2024. As a result, our customers benefit from our reliable product quality, precise delivery capabilities, and comprehensive after-sales services.

Outstanding full-chain cost control capability and lean operating efficiency

Through meticulous cost control across procurement, production, logistics, and management, efficiency has become our edge in the industry and a driver of our profitability. In 2023 and 2024 and for the nine months ending September 30, 2025, our net profit margin was 8.8%, 5.4%, and 7.7%, respectively.

Our primary raw materials include PVC resin powder and calcium carbonate, with substantial annual procurement amounts. In 2023 and 2024 and for the nine months ended September 30, 2025, the raw material costs included in cost of sales were RMB797.1 million, RMB519.2 million, and RMB505.3 million, respectively. Leveraging our scale procurement advantage, we possess strong bargaining power with suppliers, enabling us to secure competitive pricing and payment terms better than the industry average.

BUSINESS

In addition, we have established a professional procurement team that closely monitors the futures prices of bulk commodity inputs such as PVC resin powder and dynamically adjusts our procurement strategies and inventory levels based on market trends to mitigate the impact of raw material price fluctuations on production costs. Our strict supplier selection criteria ensure the stability and reliability of raw material quality. Through centralized purchasing and strategic partnerships, we have optimized procurement costs and built an efficient, flexible supply chain system that robustly supports our business growth.

Furthermore, we are committed to building a technology-driven intelligent manufacture system. Through continued upgrades of automated equipment and digital system integration, we have established our core advantages in efficiency, cost, and flexible production. We place great emphasis on energy-saving and efficiency-enhancing in the production process. For example, we successfully replaced traditional electric temperature control machines with a biomass pellet heat-conducting furnace, reducing thermal energy consumption in the production process. This not only effectively lowers production costs but also reflects our commitment to sustainable operations. Our production bases in Changzhou, China, and Vietnam extensively utilize automated equipment and have fully deployed MES to achieve end-to-end digital management from order placement to inventory storage. The MES is seamlessly integrated with systems such as UFIDA U8 and CRM, allowing real-time monitoring of equipment status, production progress, material consumption, and product quality. This enables management to make precise decisions and dynamically optimize production scheduling, greatly enhancing capacity utilization and on-time order fulfillment. The MES provides full-process data tracking from raw materials to finished products, allowing rapid responses to origin inspection requirements, significantly improving supply chain transparency and risk resistance, enhancing our precise control over raw material sources, and enabling us to navigate complex international trade macroenvironment. In our Vietnam production base, we have adopted an asset-light operation model through factory leasing, which reduces upfront capital investment and enables us to quickly adjust production tasks based on customer orders and tariff policies, strengthening the resilience and risk resistance of the global supply chain. This approach also allows us to swiftly establish factories in Vietnam, enabling planned production and quickly capturing market share. Furthermore, we have established a multi-level quality inspection system covering raw materials, work-in-progress, and finished products, ensuring that no defective product enters storage, thus guaranteeing customer satisfaction through excellent product quality.

We provide customers with one-stop customs clearance and transportation service, covering booking, transportation, customs declaration, and other services, and ultimately deliver products to customers’ designated warehouses. In addition, to improve transportation efficiency, offer high-quality services, and ensure the stability of logistics services, we have directly signed long-term cooperation agreements with top global shipping companies. This allows us to secure favorable freight rates and guaranteed space in advance, maximizing customer benefits while ensuring the stability and competitiveness of our gross profit margin.

BUSINESS

We are committed to building data-driven, integrated digital operations that seamlessly connect front-end sales, mid-end production and supply chain, and back-end financial accounting through integrated information systems, achieving digitalization, transparency, and efficient collaboration across the entire business process. Our digital operations are built upon ERP, MES, CRM, and OA systems. This architecture enables closed-loop management of the entire process, from customer order entry, production planning and scheduling, raw material procurement, workshop operations monitoring, finished product warehousing to final shipment confirmation and financial settlement. For example, once an order is generated through the CRM system, it automatically flows into the ERP system for production scheduling and is synchronized with the MES to guide production, greatly reducing manual intervention and cross-department communication time. This allows us to accurately monitor production capacity utilization, order completion progress, and product yield, thereby achieving data-driven refined management and dynamic scheduling. Meanwhile, the ERP system integrates financial and business data across the entire group, generating multidimensional internal management reports covering sales, warehousing, accounts payable, and more, providing timely and accurate data support for strategic decision-making and performance evaluation. In addition, we have gradually implemented a supplier procurement system in recent years, allowing suppliers to receive orders directly through the online system, significantly improving operating efficiency and experience. Through an integrated management system, we can track order status in real time, optimize inventory allocation, and enhance supply chain transparency, thereby comprehensively improving operating controllability and customer service responsiveness.

Committed to product innovation and technology research and development, driving sustainable development

We are committed to continually launching new products and technologies that lead market trends through efficient planning and research and development. We continually drive product iteration through innovation, aiming to enhance the performance of flooring products and specifically address product pain points. We launch two to three new products or technologies that are competitive in the market each year. For example, our micro-foamed SPC flooring technology optimizes product density to 1500–1600 kg/m³, achieving lightweight properties while maintaining product performance, effectively reducing material and logistics costs.

We place great importance on the accumulation and protection of intellectual properties. As of the Latest Practicable Date, we had 68 patents, primarily focusing on optimizing production processes and improving production equipment. For example, through independently developed devices such as the biomass pellet heat-conduction furnace, we have significantly enhanced production efficiency and energy utilization. Our research and development innovations not only drive the iterative evolution of our own products but also contribute to industry-wide technological upgrades by improving production efficiency and optimizing costs. We remain highly sensitive to technological trends in the industry and have successfully completed the development of samples and small-batch trial production of eco-friendly floors free of PVC, using PETG. To ensure technological foresight, we have established long-term and stable industry-academia-research collaborations with well-known universities such as the College of Wood Science and Technology at Nanjing Forestry University. Through this platform, we gain access to and integrate cutting-edge research achievements, providing a solid technological foundation for developing the next generation of green and functional new materials.

BUSINESS

We consistently and steadily invest in research and development. During the Track Record Period, the aggregate research and development expenses that we incurred amounted to RMB93.6 million, providing solid financial support for technological innovation.

An experienced, pragmatic, stable, and visionary management team

Our management team not only possess deep industry expertise but also demonstrate exceptional strategic vision and execution capability, which enable us to seize key development opportunities.

Our Executive Director and General Manager, Mr. Yao, joined us immediately after graduating from Nanjing Forestry University in 2008 and has served as General Manager since 2013, with a profound understanding of every aspect of our operations. The core management team has an average service tenure of over 15 years, ensuring high continuity and strong execution of our strategy.

Decisions made by our management team at critical junctures have proven to be insightful and visionary, such as establishing close business relationship with customer A and building up production capacity in Vietnam in response to the international trade landscape. Our management team demonstrate strong risk management awareness, ensuring sufficient cash liquidity and emphasizing prudent operations. In terms of organization and talent development, we combine internal promotion with external recruitment, and the middle management team is relatively young, with an average age of approximate 40 years old as of September 30, 2025, thereby building a dynamically optimized talent pipeline.

Leveraging our professional knowledge and industry recognition, we are committed to providing customers with high-quality products and services. For further details on the experience and qualifications of the Executive Directors and senior management members, please see “Directors and Senior Management”.

OUR STRATEGIES

Further expand production capacity and global production layout

We will continue to optimize the operating efficiency of our Vietnam production base by introducing more automated production equipment to further enhance the efficiency of key processes, implementing lean production management to reduce waste, and optimizing the local supply chain system to improve the stability of raw material supplies. We plan to complete the construction of our second production base in Vietnam, which is planned to occupy an area of 16.9 thousand square meters with a designed annual production capacity of 8.0 million square meters. By deepening our capacity layout in Vietnam, we aim to leverage the advantages of the local supply chain and tariff benefits for key markets, enhancing supply chain resilience and ensuring overall operating stability.

We will carefully assess the possibility of establishing production bases in regions such as Southeast Asia and the Middle East, further promoting our global development and getting closer to emerging markets.

BUSINESS

Our Changzhou production base will focus on supporting the domestic market, the European market, and business expansion in other regions, achieving coordination and flexible allocation of production capacity. We will establish a dynamic capacity allocation mechanism across production bases to quickly respond to fluctuations in demand from different markets.

Continue product innovation and technology research and development

We will continue to increase investment in research and development, focusing on the development of new eco-friendly products. Key areas include advancing the commercialization of PVC-free flooring and innovating production processes to meet future global demand for the next generation of eco-friendly flooring, such as PETG materials to enhance performance in fire resistance, environmental performance, and aesthetics. We will continue to deepen industry-academia-research cooperation with well-known institutions such as Nanjing Forestry University to ensure technological foresight.

In addition, we are actively upgrading the specifications of SPC flooring products, promoting our wall-floor integration strategy, expanding the application of core technologies to adjacent product areas such as wall panels, and opening up new growth avenues.

Expand sales network and optimize customer structure

We will establish overseas sales teams, especially in key markets such as United States and Europe, leveraging our reliable overseas production to strengthen customer relationship management and new business development capabilities. In the domestic market, we will continue to increase promotion and sales of our own brand, and expand broad cooperation with well-known enterprises such as hotel developers and chain retail stores, aiming to achieve significant growth in the domestic commercial space market.

We will continue to deepen long-term relationships with our key customers. Meanwhile, through participating in global industry exhibitions, enhancing digital marketing, and direct visits, we will actively develop high-quality customers in North America, Europe, and other regions, further optimize our customer structure, and establish a broader customer network.

Enhance our branding and strengthen overseas service capabilities

In the Chinese domestic market, we will strengthen our domestic brand image and explore ways to increase market share through engineering channels and online platforms. All business activities and brand promotions will revolve around our core values, clearly conveying to the market our key advantages in eco-friendliness, quality, and design. We plan to shape the image of our domestic own brand through participating in domestic professional exhibitions, establishing collaborations with designer channels, and conducting online digital marketing.

In the overseas market, we plan to continue following the ODM model. We will comprehensively optimize service processes in overseas markets, particularly through our U.S. business team, covering sales, logistics, customs clearance, and after-sales services, in order to enhance our service capabilities and strengthen our influence with customers. Depending on business development, we will consider setting up overseas subsidiaries to further expand our global business layout.

BUSINESS

OUR PRODUCTS

Our main products include PVC flooring, laminate flooring and wall panels, and other products. These products are widely used in residential, commercial, and office environments, featuring eco-friendliness, durability, and aesthetic appeal.

The following table sets forth a breakdown of our revenue by product both in absolute amount and as a percentage of our total revenue for the years or periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
PVC Flooring								
SPC Flooring	1,260,264	88.6	832,483	85.6	565,219	84.1	857,687	89.4
WPC Flooring	5,225	0.4	6,570	0.7	5,581	0.7	29,756	3.1
LVT Flooring	53,978	3.8	47,553	4.9	37,747	5.6	46,045	4.8
Subtotal	1,319,467	92.8	886,606	91.2	608,547	90.4	933,488	97.3
Laminate Flooring and Wall Panel	68,042	4.8	78,550	8.1	59,505	8.8	21,336	2.2
Others	34,208	2.4	7,303	0.7	4,967	0.8	4,918	0.5
Total	1,421,717	100.0	972,459	100.0	673,019	100.0	959,742	100.0

The following table sets forth the breakdown of our sales volume and average selling price of our key products by category for the years or periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2023		2024		2024		2025	
	Average Sales Volume	Average Selling Price	Average Sales Volume	Average Selling Price	Average Sales Volume	Average Selling Price	Average Sales Volume	Average Selling Price
	thousand m ²	RMB per m ²	thousand m ²	RMB per m ²	thousand m ²	RMB per m ²	thousand m ²	RMB per m ²
PVC Flooring								
SPC Flooring	25,774.4	48.9	16,453.0	50.6	11,455.1	49.5	16,021.1	53.5
WPC Flooring	62.5	83.6	87.7	74.9	74.1	74.9	310.4	95.9
LVT Flooring	1,651.2	32.7	1,284.1	37.3	1,020.4	36.2	1,228.0	37.5
Laminate Flooring and Wall Panel	1,338.0	50.9	1,493.0	52.6	1,133.5	52.0	399.0	53.5

BUSINESS

PVC Flooring

PVC flooring is a resilient material made primarily from polyvinyl chloride (PVC) resin through calendaring and extrusion processes. Our PVC flooring product portfolio mainly includes SPC, LVT, and WPC flooring. We generated revenue of RMB1.32 billion, RMB886.6 million, and RMB933.5 million from the sales of our PVC flooring products in 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

SPC Flooring

Our SPC flooring represents our core and flagship product offering. As a new-generation rigid vinyl composite material, it reflects our key technological advantages and delivers superior stability, durability, and environmental performance through advanced calendaring and extrusion processes. Building upon and further enhancing the material strengths of traditional LVT flooring, SPC flooring is engineered with higher density and improved dimensional stability with a thickness of 4.4 millimeters to 8.0 millimeters, resulting in better impact resistance, antibacterial effect and hygienic performance, and long-term consistency in product quality with a natural appearance comparable to stone materials. Its precisely controlled manufacturing process allows us to achieve refined texture and enhanced durability.

Environmental responsibility is a foundational consideration in the design and production of our SPC flooring. The products are made from PVC resin powder and calcium carbonate through a high-temperature hot-pressing process without the use of glue, thereby reducing volatile organic compound (VOC) emissions and contributing to a safer indoor environment. The materials used are recyclable and comply with relevant environmental standards, reflecting our commitment to sustainable and eco-friendly manufacturing practices.

With user experience in mind, our SPC flooring also incorporates comfort-oriented features. It offers strong impact and water resistance while providing a soft and comfortable underfoot feel. Its refined texture and resilient performance make it suitable for residential, commercial, and public spaces where both durability and aesthetic appeal are valued.

BUSINESS

Positioned in the mid- to high-end category of the flooring market, our SPC flooring has become one of the mainstream and best-selling PVC composite flooring materials in recent years, driven by its combination of material innovation, environmental performance, and broad application potential.



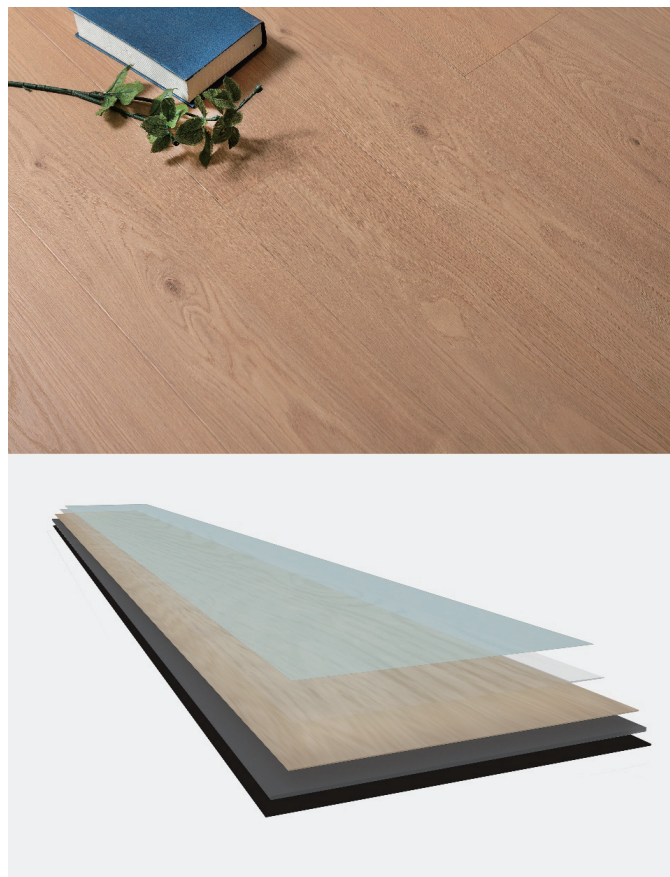
LVT Flooring

Our LVT flooring products represent one of the most established categories within the PVC flooring industry, having demonstrated decades of proven performance since their introduction in the 1970s and 1980s. Leveraging our long-term production experience and continued process refinement, we have enhanced product formulations and quality control systems to ensure stable performance, durability, and consistent output.

BUSINESS

Designed to balance functionality and user comfort, our LVT flooring, with a thickness of 2.0 millimeters to 3.0 millimeters, offers a reliable combination of environmental friendliness, slip resistance, waterproof performance, and ease of installation and maintenance. With strong elasticity and resilience, LVT flooring provides comfortable underfoot support and practical everyday usability. In addition, our streamlined and mature manufacturing processes allow us to deliver products with consistent quality at competitive price.

Positioned as a cost-effective flooring solution, our LVT flooring caters primarily to the mid-range to low-end market category and continues to maintain steady demand in both domestic and overseas markets. Despite the rising market penetration of SPC and WPC flooring, our LVT flooring remains competitive due to its mature production technologies, affordability, and dependable performance across a wide range of residential and commercial applications.



BUSINESS

WPC Flooring

Our high-performance WPC flooring products constitute our premium-grade offerings and are developed based on advanced wood-plastic composite technology with high-performance polymer materials to deliver both aesthetic appeal and strong functional performance. Leveraging this composite structure, our WPC flooring, with a thickness of 8.0 millimeters to 12.0 millimeters, is designed to provide enhanced durability, comfort, and design versatility suitable for a wide range of residential and commercial applications.

Since the commercialization of WPC flooring in the early 2010s, we have accumulated extensive know-how in formulation design and process control, enabling us to refine the structural composition of our products. Earlier-generation WPC flooring typically incorporated wood-powder composite cores. However, current industry practice — and our own product formulation — has evolved toward a foamed polymer core without wood-powder content. Our WPC flooring retains all the advantages of LVT flooring and is eco-friendly, free of formaldehyde, and lightweight, delivering improved dimensional stability, underfoot comfort, and resistance to deformation while maintaining a natural appearance comparable to traditional wood flooring.

Positioned as a high-end flooring solution, our WPC flooring caters to customers seeking both design sophistication and durability. It is one of our key export products and has gained strong recognition in overseas markets — particularly in Europe and North America — where its natural appearance, eco-friendly material profile, and comfort-oriented performance have made it a preferred choice among premium flooring solutions.



BUSINESS

Laminate Flooring and Wall Panel

Our legacy laminate flooring products were among the earliest offerings in our portfolio and laid the foundation for our long-standing expertise in flooring design and manufacturing. Although our business has increasingly shifted toward SPC flooring in recent years, laminate flooring continues to play a strategic role in our diversified product portfolio due to its stable quality and proven performance.

Our laminate flooring is engineered to combine the visual appeal of natural wood with enhanced functional attributes. Using high-definition 3D surface printing technology, the products deliver realistic textures and natural color depth. The application of sapphire-grade wear-resistant coatings and anti-distortion treatments enhances surface durability and clarity, while the elastic acoustic underlay improves sound insulation and provides a comfortable underfoot experience. In addition, the product is formulated to reduce formaldehyde emissions, contributing to a safer indoor environment. We have also developed waterproof laminate flooring with enhanced moisture resistance and sealing technology, improving product stability, and service life.



Our wall panel products include both stone-based and wood-based variants and are suitable for residential, office, and commercial applications. These products are designed to be decorative, easy to install, durable, and simple to maintain, offering customers a versatile solution for interior surfaces. Building on our existing flooring technologies and production know-how, we have expanded into wall panel products to capture emerging market demand. We currently operate a dedicated wall panel production line and plan to further increase our capacity as market needs continue to grow, positioning wall panels as an important extension of our product portfolio.

BUSINESS

OUR PRODUCT STRENGTHS

Sustainability and Eco-Innovation

- ***Sustainable Material Composition.*** Our core products are part of the new generation of eco-friendly decorative materials. For instance, SPC flooring is composed mainly of natural stone powder (calcium carbonate) and PVC resin, rather than natural wood. This not only ensures product stability and durability but also reduces reliance on forest resources, contributing to sustainable environmental development.
- ***Partnerships for Green Innovation.*** We actively collaborate with research institutions such as Nanjing Forestry University and the Chinese Academy of Forestry to promote sustainable innovation. With a professional team of forestry and materials science experts, we continually optimize our production process and have obtained multiple environmental certifications.

Health and Safety

- ***Formaldehyde-Free Manufacturing.*** Our SPC flooring is entirely free from adhesives in the hot-pressing process. Since it is made from natural stone powder and PVC resin, there is no need to use glue that releases formaldehyde — a major indoor pollutant — thereby ensuring a safer and healthier indoor environment.
- ***Low Emission and Air Quality Certification.*** Our products meet or exceed stringent European standards for emissions of volatile organic compounds. We provide transparent and comparable information on the environmental impact of our products throughout their life cycle and have achieved certifications guaranteeing the highest level of indoor air quality.
- ***Ease of Maintenance and Reduced Chemical Use.*** Our PVC-based flooring is waterproof, stain-resistant, and easy to maintain. The surface does not require aggressive cleaning agents to stay clean, effectively minimizing exposure to harmful substances during everyday use.

Compatibility and Customization

- ***Customer-Oriented Product Design.*** We conduct extensive market research and work closely with customers to understand their evolving preferences. Our research and development team develops and adjusts product formulations, surface textures, and color patterns to meet diverse functional and aesthetic needs across regions and markets.
- ***Wide Range of Standards and Applications.*** We have products designed to meet both European and U.S. industry standards, including FloorScore certification of the United States certified by SCS Global Services and CE certification of the European Union certified by SGS-CSTC Standards, ensuring compatibility with global markets. With a wide selection of colors, materials, and functional features, our PVC flooring, laminate flooring, and wall panel products are suitable for various residential, commercial, and industrial applications.

Due to our product strengths stated above, the return rates of our products as percentage of our total revenue were 0.43%, 0.24%, and 0.55% in 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

BUSINESS

OUR ODM MODEL

We currently operate under the original design manufacturing (ODM) model, under which we leverage our in-house product design and development capabilities to create flooring products jointly with our customers based on their functional and aesthetic requirements. Finished products carry our customers’ brands and are delivered to destinations designated by them.

Under our ODM model, we act not only as a manufacturer but also as a key product development partner for our customers. Leveraging our experienced research and development team and our continuous tracking of global market trends, we proactively conduct research and development on new materials, formulations, and manufacturing processes. Customers typically provide their target market requirements, desired product features and specifications, and performance indicators, as well as their expected cost range, while we undertake the full-spectrum development process, including structural design, material selection, formulation calibration, sample creation, and performance testing, to tailor existing flooring products. We have established a comprehensive quality control system covering the entire production process — from incoming inspection of raw materials to in-process quality control and final product testing — to ensure that the delivered products fully meet customer requirements. For example, we have successfully completed small-batch trial production of PVC-free environmentally friendly flooring products in response to emerging demand in the European and U.S. markets. This model enables us to establish deeper and more collaborative customer relationships, enhance customer stickiness through ongoing product innovation, and provide differentiated, competitive solutions tailored to customer needs.

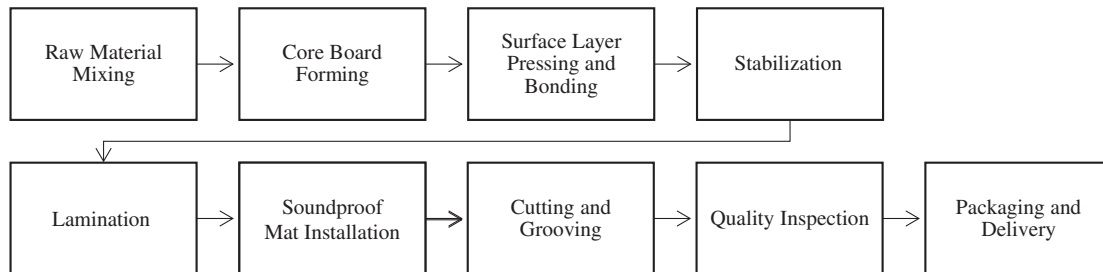
Our products have obtained various international certifications, including FloorScore in the United States, CE certification in the European Union, and TÜV certification in Germany, which facilitate access to major overseas markets. Leveraging our dual-base production layout in Changzhou, China and Vietnam, we are able to flexibly allocate and adjust production capacity to meet customer demand and respond to fluctuations in order volumes, while also mitigating tariff-related risks by utilizing the cost and trade advantages of our Vietnam facilities.

BUSINESS

PRODUCTION

Production Process

The key stages of our production process include raw material mixing, stabilization, lamination, cutting, inspection, and packaging. The following diagram illustrates the principal steps of the production process generally applicable to our flooring products.



- **Raw Material Mixing.** Accurately weigh all primary materials, such as PVC resin powder and calcium carbonate, and additives according to product formulations and feed them into mixing equipment for high-temperature or high-speed blending to form the initial compound or powder.
- **Core Board Forming.** Form the mixed raw materials into a core board with stable thickness and density.
- **Surface Layer Pressing and Bonding.** The decorative layer and wear-resistant layer are hot-pressed onto the core board, followed by UV curing and other surface finishing treatments.
- **Stabilization.** The hot-pressed boards are conditioned and tempered to release internal stress and ensure dimensional stability.
- **Lamination.** Based on product requirements, additional functional treatments are applied to the surface, such as UV curing for SPC flooring or oil coating and embossing for laminate flooring, to enhance durability and aesthetic appeal.
- **Soundproof Mat Installation.** It is installed beneath flooring to reduce impact noise due to footsteps and dropped items and airborne noise.
- **Cutting and Grooving.** Stabilized panels are then saw-cut or die-cut into flooring planks of required specifications and mechanical processing is also used to mill locking grooves around the panel edges, allowing seamless interlocking installation.
- **Quality Inspection.** Each finished product undergoes dimensional, visual, and functional quality inspections to ensure compliance with factory standards.
- **Packaging and Delivery.** The products are packaged and prepared for storage or shipment.

BUSINESS

Furthermore, we have also adopted comprehensive information and digital management systems to support intelligent production and efficient operations. Our manufacturing process is integrated with systems such as the manufacturing execution system (MES) and enterprise resource planning (ERP) platform, which connect production planning, material management, inventory tracking, and order scheduling in real time. Orders are processed through the customer relationship management (CRM) system and transmitted to the ERP platform for production scheduling, which is then automatically synchronized with MES for execution and monitoring. Specifically, the MES system provides the key functions below.

- ***Production Planning.*** The MES system allows production site to effectively schedule production orders, enhancing the accuracy and flexibility of production planning. This capability enables timely adjustments in resource allocation to respond to market changes.
- ***Material Management.*** The MES system monitors production parameters in real-time and ensures that material used in the production process meets requirements. Its automatic alert function helps to prevent waste of material.
- ***Inventory Tracking.*** With real-time inventory data tracking, the MES system presents information on inventory status through a data dashboard. This allows us to stay informed about stock levels, optimizing inventory turnover rates.
- ***Order Scheduling.*** The MES system uses flow documents to ensure smooth transitions between production stages, allowing for timely reviews and adjustments to order progress. This capability ensures on-time deliveries, further enhancing customer satisfaction.

As a result, the primary accomplishments of the MES system include the following key achievements:

- ***Transparency in Production.*** The MES system enhances operational efficiency by managing the entire lifecycle of factory production processes, allowing real-time monitoring of production stages and key indicators. This facilitates quick detection of issues and effective response strategies, reducing losses.
- ***Paperless Business Flow.*** All aspects of production — from sales orders to quality inspection data — are accessible within the MES system, enabling traceability at each step and identifying production anomalies swiftly.
- ***Networked Production Equipment.*** Connected devices are managed with unique identifiers. Workers can report malfunctions through QR codes, displaying issues in the system to reduce repair times and monitoring equipment data for proactive maintenance to lower the costs.

As our digital framework integrates core systems such as ERP, MES, and OA to establish a BI data analysis platform for management metrics and assessment frameworks, this integration incorporates digitalization and information technology into the management details of personnel, machinery, materials, methods, and environment, thereby enhancing quality standards and empowering business analysis and strategic decision-making capabilities. These interconnected systems enable full-process traceability, real-time data collection, and dynamic production management, significantly enhancing productivity and ensuring stable product quality. Through this integrated digital framework, we have realized an intelligent and data-driven production process.

BUSINESS

Our Production Facilities

As of the Latest Practicable Date, we had two production facilities.

The following table sets forth certain information regarding our production facilities as of the Latest Practicable Date.

Production Facility	Total Gross Floor Area	Main Functions
	<i>m</i> ²	
Changzhou	108,600	Research and Development, Production, and Sales
Vietnam	53,000	Production

The equipment and machinery we use for manufacturing are all owned by us, mainly including mixing machine, extruder, calender, UV curing machine, lamination machines, cutting and grooving machines, and packaging machines. The principal annual depreciation rate for machinery generally ranges from 10% to 14%. For details of the depreciation method of our equipment and machinery, see Note 2, 3 to the Accountants’ Report included in Appendix I to this document.

The following table sets forth our production capacity, production volume, and utilization rate of our different product lines for the years or periods indicated.

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(in thousand square meters, except percentages)</i>			
PVC Flooring				
Production Capacity ⁽¹⁾	29,476.0	48,911.5	36,683.6	36,683.6
Production Volume	27,108.0	19,180.0	11,644.4	16,040.3
Utilization Rate	92.0%	39.2%	31.7%	43.7%
Laminate Flooring and Wall Panel				
Production Capacity	3,000.0	3,000.0	2,250.0	2,250.0
Production Volume	1,416.1	1,502.1	1,167.0	404.9
Utilization Rate	47.2%	50.1%	51.9%	18.0%

Note:

- (1) Production capacity is calculated by multiplying the number of production lines by the output of each line and then multiplying that result by twelve months.

BUSINESS

The following table sets forth our production capacity, production volume, and utilization rate of our production facilities for the years or periods indicated.

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(in thousand square meters, except percentages)</i>			
Changzhou				
Production Capacity ⁽¹⁾	27,771.2	27,771.2	20,828.4	20,828.4
Production Volume	27,904.1	12,042.1	8,718.5	5,229.1
Utilization Rate	100.5% ⁽²⁾	43.4%	41.9%	25.1%
Vietnam				
Production Capacity	4,704.7	24,140.3	18,105.2	18,105.2
Production Volume	620.0	8,640.0	4,093.0	11,216.1
Utilization Rate	13.2%	35.8%	22.6%	61.9%

Note:

- (1) Production capacity is calculated by multiplying the number of production lines by the output of each line and then multiplying that result by twelve months.
- (2) In 2023, the utilization rate of the Changzhou production facility surpassed 100% due to strong customer demands. To meet these purchase orders, we purchased core boards from Supplier C and Supplier D and subsequently sold finished flooring products to customers.

QUALITY CONTROL

Quality control is integral to every aspect of our daily operations. We are committed to maintaining high product quality and safety standards that meet the regulatory and market requirements of our major overseas markets. Our flooring products comply with both European and U.S. standards, and we have obtained a series of internationally recognized certifications, all of which remain valid and have been subject to annual surveillance audits. We have obtained the CE certification of the European Union, which indicates that our products meet the EU’s essential health, safety, and environmental protection requirements applicable to flooring materials and are eligible for sales within the European Economic Area. In addition, our products are certified by TÜV, an independent German technical inspection association, which provides third-party assurance on product safety, durability, and compliance with relevant European quality standards. Our products have obtained FloorScore certification of the United States, which is one of the most widely recognized indoor air quality certifications for hard surface flooring. This certification verifies that our products meet stringent volatile organic compound (VOC) emission limits and are suitable for use in homes, schools, and commercial environments. These certifications collectively demonstrate our adherence to internationally accepted quality, safety, and environmental benchmarks, and enhance the market acceptance of our products in Europe, the United States, and other overseas markets. We undergo annual audits for these certifications, and all our certifications remain valid as of the Latest Practicable Date. We have also leveraged MES to monitor and promptly identify equipment malfunctions with traceable production data. Any identified issues undergo thorough root cause analysis and corrective action, enabling us to ensure continuing improvement.

BUSINESS

We have developed standard procedures to control key stages of production process including raw material mixing, stabilization, lamination, cutting, inspection, and packaging to ensure the quality of our flooring products meet the standards. In addition, we have established a dedicated quality inspection department responsible for overseeing and managing our quality control system across the entire production process, including the inspection and quality control processes for raw material, semi-finished parts, and finished products and the inspection and testing processes for finished products in our laboratory. The department’s key functions include quality planning, raw material inspection, in-process quality control, finished product inspection, data analysis, customer complaint handling, and continuing quality improvement. Our quality inspection procedures are implemented through a multi-tier inspection system covering raw materials, manufacturing processes, and finished products. All inspection reports — including incoming material inspection records, in-process inspection forms, and finished product test reports — are prepared by qualified laboratory inspectors with over three years of industry experience, and are reviewed and approved by the quality inspection department manager, who reports directly to our general manager. We have also developed the inspection procedure for our equipment and machinery to ensure the accuracy of inspection of our products.

Our quality control process spans the entire production cycle, from the inspection of incoming raw materials to in-process monitoring and final product testing. All raw materials are sampled and inspected upon arrival to ensure they meet our appearance, performance, and safety requirements, with any substandard materials rejected before entering production. Throughout the manufacturing process, we conduct regular on-site inspections at key stages to monitor product appearance, dimensions, and stability, supplemented by laboratory testing to ensure consistency and compliance with required standards. Before products are delivered to customers, we carry out final inspections covering both on-site checks and laboratory evaluations, and retain samples for each order for traceability. This multi-layered inspection mechanism ensures that only products meeting our quality standards are released to market. During the Track Record Period, there were no material complaint, product returns or product liability claims from our customers, which reflects our strict quality control process.

LOGISTICS, WAREHOUSING, AND INVENTORY MANAGEMENT

Logistics

We primarily rely on third-party service providers to deliver our products to overseas customers, and marine transportation is the principal mode through which our products are shipped. We cooperate on a regular basis with leading shipping companies and, in order to stabilize freight costs and strengthen the resilience of our supply chain, we have established direct cooperation arrangements with major ocean freight service providers. During the Track Record Period, our transportation costs and customs duties were RMB64.6 million, RMB40.6 million, and RMB104.7 million, representing 6.1%, 5.3%, and 13.9% of our total cost of sales for the same periods, respectively.

BUSINESS

We adopt two principal delivery models for our overseas shipments, namely Free on Board (FOB) delivery and one-stop customs clearance and transportation services, depending on customer requirements. Under the FOB model, we are responsible for pre-shipment logistics, including arranging domestic transportation and bearing the associated costs before the goods are loaded onto the vessel. Once the products are ready for shipment, the customer’s designated freight forwarder arranges vessel booking. After the booking is confirmed, we arrange trucking to the designated port of loading, and the responsibility for the shipment transfers to the customer upon loading. Under the one-stop customs clearance and transportation services model, we provide end-to-end delivery services and bear all logistics costs until the goods reach the customer’s designated warehouse. This includes arranging vessel booking, coordinating export procedures, overseeing international transportation, handling customs clearance at the destination port, and arranging final delivery to the customer’s premises.

Warehousing

We maintain warehousing facilities in both China and Vietnam to support our storage of raw materials, in-process inventories, and finished goods. We operate three warehouses located within our production site in Changzhou, China. These warehouses are designated respectively for (i) the storage of raw materials and auxiliary materials, (ii) the storage of hardware components, and (iii) the storage and preparation of materials to be shipped to our Vietnam facilities. As of September 30, 2025, our domestic warehousing facilities occupy a total floor area of 35.5 thousand square meters and are staffed by a team of 22 members. In Vietnam, we operate one warehouse under a lease arrangement inside our production facilities. This warehouse supports the storage of raw materials, semi-finished products, and finished goods for export. As of September 30, 2025, the total floor area and staffing of the Vietnam warehousing facilities are approximately 12.1 thousand square meters and 41 members, respectively.

Inventory Management

Our inventory primarily includes raw materials, work in progress, and finished goods. Our inventory turnover days were 57.7 days, 115.3 days, and 90.2 days in 2023 and 2024 and for the nine months ended September 30, 2025, respectively. We implement strict inventory control policies to monitor our inventory levels at our production facilities and warehouses and maintain an optimal level of inventory as we generally adopt a make-to-order approach.

Our inventory management practices differ between the domestic and overseas markets due to variations in order patterns and lead time requirements. For the domestic market, where order volumes are relatively small and customer demand is more stable, we primarily adopt an order-based procurement model and generally do not maintain significant inventory levels. For the overseas market, where longer transportation cycles and customer scheduling needs require higher inventory flexibility, we maintain a buffer stock to accommodate urgent or unplanned orders. During the Track Record Period, we did not experience any material shortage or obsolescence of inventory. See “Risk Factors — Risks Relating To Our Business And Industry — If we are unable to effectively manage our inventory or maintain optimal inventory levels, our inventory may suffer from obsolescence or shortages, and our business, financial condition, and results of operations may be adversely affected”.

BUSINESS

OUR TECHNOLOGIES

We believe that technological innovation is fundamental to our rapid growth and market leadership position and will continue to reinforce our competitive advantages. Our research and development team routinely receive analysis reports on market trends from the sales team. Based on this information, we design flooring products that align with the foreseeable market trends one to two years in advance, providing customers with a selection of products to seize opportunities and enhance sales performance. In addition, we have established an integrated technology framework focusing on advanced material engineering and thermal process and equipment optimization, enabling us to enhance product performance, energy efficiency, and production consistency across our major flooring products.

Advanced Material Engineering

- ***Waterproof and Fire-Resistant Formulation.*** We have developed specialized resin and filler formulations to improve the waterproof and fire-resistant performance of our flooring products. In laminate flooring, enhanced resin penetration and surface sealing techniques prevent moisture intrusion and dimensional swelling.
- ***Micro-Foaming Composite Structure.*** For the SPC flooring products, we apply controlled micro-foaming techniques to create a dense but lightweight composite structure. By introducing precise foaming agents and temperature-pressure regulation during extrusion, the material’s internal cell distribution is optimized, reducing product density to approximately 1,500-1,600 kilograms per cubic meter while maintaining mechanical strength and dimensional stability. This enables improved acoustic performance and reduces material consumption for high-rise and large-scale installations.

Thermal Process and Equipment Optimization

- ***Biomass-Based Heat Exchange System.*** We have replaced traditional electric mold temperature control systems with biomass pellet heat exchange units, forming a more efficient thermal conduction network within the production process. This system allows rapid and uniform heat transfer during pressing and molding, reducing thermal loss and energy consumption compared with traditional systems, while ensuring stable surface structure and color uniformity.
- ***Precision Process Control and Automation.*** Through continuing refinement of temperature, pressure, and timing parameters across our hot-pressing and cooling stages, we achieve more accurate control over product surface texture and dimensional tolerance. Integrated monitoring systems and semi-automated production lines help minimize human error, enhance production repeatability, and ensure consistent quality in large-scale manufacturing of our products.

BUSINESS

RESEARCH AND DEVELOPMENT

We believe that our commitment to research and development is the cornerstone of our growth strategy and a key driver of our competitive advantage.

Our Capability

Since our establishment, we have made substantial and sustained investments in research and development, which have supported our rapid growth and enabled us to continually upgrade our product portfolio and enhance our technological capabilities. Our research and development investments cover a wide range of initiatives, including product formulation innovation, process optimization, material engineering, and the recruitment, training, and retention of high-caliber technical talent.

As of September 30, 2025, we had a dedicated full-time research and development team of 13 members. Our core product development personnel possess extensive experience in areas such as chemical material engineering, environmentally friendly flooring technology, and sustainable product design. Their expertise enables us to improve the performance of existing products, expand and diversify our product offerings, and reinforce our innovation-driven competitiveness in the flooring industry.

Research and Development Process

Our research and development are market-driven and deeply integrated with customer needs. Leveraging years of experience in the flooring industry, we have formed a structured yet flexible research and development mechanism. Our research and development process mainly consists of the following stages:

- ***Integration of Research and Development and Market Insights.*** Our research and development activities are closely aligned with market and customer needs. Our research and development team works in coordination with the sales and international business departments to translate customer feedback and market trends into new products. Based on customer requirements, the research and development team develops suitable product designs, formulations, and materials for customer selection and validation. Each year, we introduce two or three innovative technologies or products to attract new customers and stimulate the sales of our existing product lines.
- ***Product Testing and Pilot Validation.*** Following initial design confirmation, our research and development team conducts small-scale and pilot trials to verify the feasibility and performance of new products. Laboratory testing and data evaluation are carried out to ensure that the products meet quality and functionality standards. This iterative process helps ensure product reliability and production consistency.
- ***Standardization and Knowledge Retention.*** The research and development department oversees the overall coordination of development activities, resource allocation, and project progress. Once a new product or technology has passed testing and validation, it is incorporated into our standardized production system and serves as part of our accumulated technical assets.

BUSINESS

SALES AND MARKETING

Our sales and marketing strategy aims to strengthen brand leadership, expand market reach, and enhance customer relationships through a multi-dimensional sales network, proactive customer engagement, and integrated marketing initiatives.

Sales Team and Strategy

We maintain a well-structured and functionally specialized sales team of 43 members covering business development, customer support, production coordination, and documentation management, ensuring efficient cross-departmental collaboration as of September 30, 2025. The team is well-versed in international market operations and customer needs, providing professional, end-to-end service from negotiation to delivery. In addition, we have established a team in Vietnam to strengthen supply-chain coordination and enhance responsiveness to international market demands.

We adopt an information-driven sales strategy, leveraging customs statistics, industry intelligence, and market feedback to monitor regional trends and shifts in customer demand. We do not maintain a written return policy. In practice, there may be circumstances that customers require to return or refund of our flooring products at our discretion. By integrating internal customer management experience with external statistical insights, we continually refine our sales decisions and customer acquisition approach, enabling more precise market coverage and sustainable business growth.

Marketing Efforts

Our marketing efforts include:

- ***Industry Events and Trade Shows.*** We actively participate in domestic and international industry events and trade shows to present our products, connect with potential customers and business partners, and reinforce our industry leadership. Our efforts in participating in these events serve as our primary customer acquisition channel.
- ***Digital and Content Marketing.*** We maintain a strong online presence through our website, exhibitions, and a variety of international and domestic social media platforms, to share product information, awards, and certificates to raise market awareness and attract new potential customers and business partners.
- ***Customer Visits and Relationship Management.*** Our sales team regularly conducts customer visits, follow-ups, and targeted presentations to directly engage customers, which is also one of our important customer acquisition channels. This approach facilitates a deep understanding of customer needs, improves customer retention, and helps establish long-term, stable relationships in key markets.

BUSINESS

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily consist of well-known overseas building material brands and retailers. In 2023 and 2024 and for the nine months ended September 30, 2025, revenue generated from our top five customers accounted for 80.5%, 73.1%, and 71.7% of our total revenue, respectively, and revenue generated from our largest customer accounted for 63.3%, 45.3%, and 53.9% of our total revenue, respectively.

The following table sets forth certain information regarding our top five customers during the Track Record Period.

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Principal Business	Products Purchased
	<i>(RMB in thousands)</i>	<i>(%)</i>			
<i>For the Nine Months Ended September 30, 2025</i>					
Customer A	517,313	53.9	2018	A supplier in Orange, California, primarily providing a wide range of flooring, countertops, and wall tiles.	Flooring products
Customer B	61,725	6.4	2018	A supplier located in Newark, New Jersey, primarily specializing in luxury vinyl tile and laminate flooring products.	Flooring products
Customer E	47,919	5.0	2019	A trading company based in Germany, primarily focused on importing and distributing various flooring materials.	Flooring products
Customer F	33,038	3.4	2024	A importer in Ontario, Canada, primarily engaged in the distribution of flooring and construction materials.	Flooring products
Customer G	28,786	3.0	2024	A prominent manufacturer in San Diego, California, primarily offering bamboo and other sustainable flooring products.	Flooring products
Total	688,781	71.7			

BUSINESS

<u>Customer</u>	<u>Transaction Amount</u> <i>(RMB in thousands)</i>	<u>Percentage of Total Revenue</u> <i>(%)</i>	<u>Year of Commencement of Business Relationship</u>	<u>Principal Business</u>	<u>Products Purchased</u>
<i>For the Year Ended December 31, 2024</i>					
Customer A	440,905	45.3	2018	A supplier in Orange, California, primarily providing a wide range of flooring, countertops, and wall tiles.	Flooring products
Customer B	139,214	14.3	2018	A supplier located in Newark, New Jersey, primarily specializing in luxury vinyl tile and laminate flooring products.	Flooring products
Customer E	52,827	5.4	2019	A trading company based in Germany, primarily focused on importing and distributing various flooring materials.	Flooring products
Customer C	48,054	4.9	2018	A supply company based in Hong Kong, primarily dealing in residential and commercial flooring solutions.	Flooring products
Customer F	30,977	3.2	2024	A importer in Ontario, Canada, primarily engaged in the distribution of flooring and construction materials.	Flooring products
Total	<u>711,977</u>	<u>73.1</u>			
<i>For the Year Ended December 31, 2023</i>					
Customer A	899,617	63.3	2018	A supplier in Orange, California, primarily providing a wide range of flooring, countertops, and wall tiles.	Flooring products
Customer B	133,548	9.4	2018	A supplier located in Newark, New Jersey, primarily specializing in luxury vinyl tile and laminate flooring products.	Flooring products
Customer C	47,907	3.4	2018	A supply company based in Hong Kong, primarily dealing in residential and commercial flooring solutions.	Flooring products
Customer D	34,171	2.4	2019	A supplier located in Toronto, Canada, primarily providing flooring materials and building supplies for contractors and homeowners.	Flooring products
Customer E	28,981	2.0	2019	A trading company based in Germany, primarily focused on importing and distributing various flooring materials.	Flooring products
Total	<u>1,144,224</u>	<u>80.5</u>			

BUSINESS

The following sets forth the salient terms of our sales agreements with our customers.

- *Purchase Pattern.* Customers typically purchase our flooring products on an as-needed basis by submitting purchase orders.
- *Contract Length.* Customers typically sign master framework agreements with contract lengths ranging from one to three years, with the option to renew.
- *Pricing.* The pricing of our flooring products are separately negotiated for each purchase order.
- *Payment Term.* Customers are typically granted a payment term of 30 to 120 days after the date of bill of Lading.
- *Delivery.* We usually bear packaging, transportation, and customs clearance related costs.
- *Liability for Breach of Contract.* We will compensate customers for any actual damages as a result of quality issues related to the use of our flooring products.

All of our top five customers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

Relationship with Customer A

Customer A is one of the largest home building material importers in the United States and a leading North American supplier of flooring, countertops, wall tiles, and hardscaping products, with notable products like waterproof flooring and LVT flooring products.

Customer A was our largest customer in each year and period during the Track Record Period. Our revenue attributable to Customer A in 2023 and 2024 and for the nine months ended September 30, 2025 was RMB899.6 million, RMB440.9 million, and RMB517.3 million, respectively, accounting for 63.3%, 45.3%, and 53.9% of our total revenue in the same periods, respectively. Through the stable and in-depth cooperation with Customer A, we have evolved from a mere supplier into a business partner, currently encompassing product concept design, joint research and development, raw material sourcing, manufacture processing, and quality control.

BUSINESS

The following summary sets forth the salient terms with Customer A.

- ***Parties' Responsibilities.*** Customer A purchases flooring products from us pursuant to specific purchase orders specifying product specifications and quantities.
- ***Pricing.*** The price of flooring products is determined through negotiation with Customer A or based on price lists agreed with Customer A, and is documented in the relevant written purchase order.
- ***Payment Terms.*** Customer A typically settles payment 60 days after the date of bill of lading or 2 days after the date of custom clear.
- ***Logistics.*** We are responsible for insuring the flooring products and for all related fees and duties up to customs clearance, while Customer A bears the freight costs under its shipping arrangements.
- ***Termination.*** Either party may terminate the agreement without liability if the other party becomes insolvent, fails to cure a material breach within 60 days after notice, or the parties fail to agree on a price adjustment.

The likelihood of termination or deterioration of our relationship with Customer A is remote, because (i) we have established a solid business relationship with Customer A, where the depth of our cooperation continued to deepen over the years, fully reflecting the solid foundation of mutual trust between both parties; (ii) throughout our long-term cooperation, we have maintained an efficient and smooth communication mechanism with Customer A, with no major disagreements or disputes; and (iii) we have formed a highly complementary strategic synergy with Customer A in several key areas, such as the continued iterations of our established flooring products.

According to Frost & Sullivan, customer concentration among leading customers is common in the flooring industry, as export-oriented flooring companies typically serve a relatively concentrated base of overseas brand owners, retailers, and large suppliers that tend to place orders with a limited number of qualified manufacturers that can meet certification and audit requirements while providing stable and scalable delivery. Although there are no foreseeable major risk factors, we plan to mitigate the potential risks brought by the customers concentration by (i) deepening our cooperation with Customer A to ensure the stability of our relationships; (ii) accelerating the engagement of diverse customers through our overseas subsidiaries and emerging pipelines; (iii) expanding our new products and business growth by enhancing our research and development investment and production capacity; and (iv) establishing a monitoring mechanism to ensure that customer concentration remains within a controllable range.

BUSINESS

Distributorship

We sell our flooring products to distributors, who in turn resell our products to customers in China at a minimal level to avoid the high costs and risks of setting up our own infrastructure. According to Frost & Sullivan, our distributorship is in line with the industry norm. Our distributors are our customers, and we maintain a buyer-seller relationship with them. Our revenue under distributorship is recognized at the time of sales to distributors. In 2023 and 2024 and for the nine months ended September 30, 2025, the revenue from sales to distributors amounted to RMB3.2 million, RMB1.4 million, and RMB0.2 million, respectively. As sales through distributors only accounted for a negligible portion of our total sales, we do not believe that our business relationship with them raises any concern in relation to inventory risk, cannibalization or recoverability of accounts receivables. Given that sales of our flooring products to distributors are not expected to contribute a significant proportion of our overall business, Our Directors are of the view that our collaboration with distributors will remain at limited scale. To the best of our knowledge, as of the Latest Practicable Date, all of our distributors were Independent Third Parties and did not have any other relationship with us. As of September 30, 2025, we are cooperating with 30 distributors.

Standard Terms with Distributors

The following sets forth the salient terms of our agreements with distributors.

- *Term.* The distribution agreements is typically valid for one year and may be renewed on an annual basis, subject to the satisfaction of purchase volume.
- *Distributors’ Obligations.* The distributors are required to set up the franchise stores and reach the sales targets within certain periods.
- *Restrictions on Distributors.* Distributors are prohibited from conducting sales or marketing activities outside the designated markets, or promoting competing products.
- *After-sale services.* Distributors are required to provide after-sale services to end customers.
- *Intellectual Property.* Distributors are licensed to use our intellectual properties.

Our distribution agreements generally do not stipulate (1) a minimum purchase amount; (2) a minimum sales target; or (3) a return policy.

Third-Party Payment Arrangements

Background and Implications Relating to Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the “**Third-Party Payment Arrangements**”). In 2023 and 2024 and for the nine months ended September 30, 2025, the aggregate amount settled with all Relevant Customers under the Third-Party Payment Arrangements was RMB8.9 million, RMB6.2 million, and RMB3.8 million, respectively, representing 0.6%, 0.6%, and 0.4% of the total revenue for the same periods. The Relevant Customers settled their payments through bank transfer. No single Relevant Customer made material contribution to our revenue in any year or period during the Track Record Period.

BUSINESS

Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers chose to use Third-Party Payment Arrangements for convenience and flexibility to ensure efficient trade operations. According to Frost & Sullivan, it is a common commercial practice in flooring industry to use third-party payment arrangements to facilitate cross-border multi-currency settlement, streamline payment flows, and improve payment efficiency.

During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged based on the Relevant Customers' requests. We did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements.

Furthermore, we communicated with our customers to understand the nature of their businesses, business models, and ownerships. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period, we have duly booked all payments received under the Third-party Payment Arrangement according to our internal accounting policies, tax-related laws, and regulations. During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties. Our Directors are of the view that the foregoing measures to ensure payments under bona fide underlying transactions and valid contractual relationships with customers are sufficient and can substantially mitigate the risk we face.

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

During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending disputes or disagreements due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any money laundering issues, fabricated transactions, violation of tax laws, or other illegal activities under the Third-party Payment Arrangement.

BUSINESS

Enhanced Internal Control Measures and Cessation of Third-party Payment Arrangements

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. We required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the third-party payors involved.

To prevent the recurrence of, and mitigate the potential risks from, the Third-Party Payment Arrangements, we have implemented enhanced internal control measures, including, among others:

- (i) we started to implement Third-Party Payment Arrangements rectification measures and informed our employees of the enhanced internal control measures;
- (ii) we updated invoice management in our financial management manual to further clarify the requirements for managing third-party payments. We require our finance personnel to reject any fund transfer or return any funds received, as the case may be, unless the funds come from the accounts of the customers; and
- (iii) we have internal guidelines in place regarding anti-money laundering, which require our employees to exercise reasonable due diligence with respect to all trading parties, including their business nature, business models, and ownerships and proposed transactions, to identify potential risks of anti-money laundering.

Our Directors are of the view that the foregoing internal control measures are sufficient and can substantially mitigate the risk we face. In light of the above and based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would reasonably cause them to disagree with the Directors view above on the adequacy and effectiveness of the internal control measures. We expect to terminate Third-party Payment Arrangements upon [REDACTED].

Our Suppliers

Our suppliers primarily include providers of raw and auxiliary materials, such as suppliers of PVC resin powder and calcium carbonate, electricity companies, companies collecting royalties fees, customs clearance companies, and logistics companies.

We select our raw materials suppliers based on their scale, supply capacity, and cooperation track record within the industry. Preference is given to well-established and reputable suppliers, particularly publicly listed companies, in order to ensure supply stability. Suppliers are required to provide third-party testing reports, certificates, and other quality certification documents. Before being formally approved, potential suppliers undergo a structured evaluation process that includes sample testing, small-batch trial production, and quality verification by both our internal testing procedures and third-party inspection agencies such as SGS. We maintain comprehensive internal guidelines governing supplier selection and management, and a dedicated team responsible for selecting, monitoring and managing our suppliers in areas such as product quality, delivery performance, and logistics. Our supplier base is generally stable, and we only switch to new suppliers after completing laboratory testing on their sample materials. We are not reliant on any single supplier.

BUSINESS

In 2023 and 2024 and for the nine months ended September 30, 2025, purchase from our top five suppliers accounted for 32.6%, 28.8%, and 31.4% of our total purchases, respectively, and purchase from our largest supplier during the Track Record Period accounted for 8.8%, 7.6%, and 8.2% of our total purchases, respectively.

The following table sets forth certain information regarding our top five suppliers during the Track Record Period.

Supplier	Transaction Amount <i>(RMB in thousands)</i>	Percentage of Total Purchases <i>(%)</i>	Year of Commencement of Business Relationship	Principal Business	Products or Services Procured
<i>For the Nine Months Ended September 30, 2025</i>					
Supplier F	55,059	8.2	2022	A trading company in Changzhou, China, primarily involved in the distribution of flooring materials and related products.	PVC resin powder, color powder, additives and other core raw materials
Supplier A	47,266	7.0	2017	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees
Supplier I	42,688	6.4	2025	A brokerage firm in the United States, primarily providing supply chain and logistics services for the flooring industry.	Customs clearance service
Supplier J	38,501	5.7	2020	A logistics company in Jiangsu, China, primarily offering international freight forwarding services for flooring and construction materials.	International freight forwarding service for export goods
Supplier G	27,616	4.1	2019	A manufacturer in Zhejiang, China, primarily producing advanced materials for flooring production.	Soundproof mat and wear-resistant layer
Total	211,130	31.4			

BUSINESS

<u>Supplier</u>	<u>Transaction Amount</u> <i>(RMB in thousands)</i>	<u>Percentage of Total Purchases</u> <i>(%)</i>	<u>Year of Commencement of Business Relationship</u>	<u>Principal Business</u>	<u>Products or Services Procured</u>
<i>For the Year Ended December 31, 2024</i>					
Supplier B	66,622	7.6	2020	A manufacturer in Anhui, China, primarily specializing in plastic flooring products and materials.	PVC resin powder
Supplier F	65,361	7.5	2022	A trading company in Changzhou, China, primarily involved in the distribution of flooring materials and related products.	PVC resin powder, color powder, additives and other core raw materials
Supplier A	63,344	7.3	2017	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees
Supplier G	30,569	3.5	2019	A manufacturer in Zhejiang, China, primarily producing advanced materials for flooring production.	Soundproof mat and wear-resistant layer
Supplier H	25,079	2.9	2009	A utility company in Changzhou, China, primarily providing electricity services to various sectors, including flooring manufacturing facilities.	Electric
Total	<u>250,975</u>	<u>28.8</u>			

BUSINESS

<u>Supplier</u>	<u>Transaction Amount</u> <i>(RMB in thousands)</i>	<u>Percentage of Total Purchases</u> <i>(%)</i>	<u>Year of Commencement of Business Relationship</u>	<u>Principal Business</u>	<u>Products or Services Procured</u>
<i>For the Year Ended December 31, 2023</i>					
Supplier A	105,248	8.8	2017	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees
Supplier B	95,708	8.0	2020	A manufacturer in Anhui, China, primarily specializing in plastic flooring products and materials.	PVC resin powder
Supplier C	79,373	6.6	2021	A technology firm in Zhejiang, China, primarily involved in producing plastic and composite materials for flooring applications.	Core boards
Supplier D	54,967	4.6	2021	A technology company in Wuxi, China, primarily engaged in developing new materials for the flooring industry.	Core boards
Supplier E	54,922	4.6	2021	A sized investment company in Hangzhou, China, primarily focusing on imports and exports related to flooring products and manufacturing technologies.	PVC resin powder
Total	<u>390,218</u>	<u>32.6</u>			

BUSINESS

The following sets forth the salient terms of our raw material procurement agreements with our suppliers.

- *Scope of Supply.* The scope of supply generally encompasses all requisite materials, including PVC plastic film, PVC resin powder, soundproof mats, sound-absorbing cotton, plasticizer, laminated substrate board.
- *Purchase Pattern.* We generally purchase from suppliers on an as-needed basis by submitting purchase orders.
- *Credit Term.* We are typically granted a credit term within 180 days after receiving invoices at the end of each month. If we fail to settle payments exceeding 30 days past the deadline, suppliers may halt further deliveries and impose a late fee of 0.5% per day on the outstanding amount. Ownership of the materials typically transfers to us upon payment settlement.
- *Delivery.* Suppliers are responsible for delivering products to the addresses designated by us. The suppliers generally bear the delivery fees.
- *Breach.* Suppliers are required to provide materials that meet specified standards. We typically have 3 to 15 days to report any defects or quality issues. If the supplier fails to meet the quality standards, we generally have the discretion to reject the goods, request a refund, or exchange the items. In the event of breach, the non-breaching party may also seek liquidated damages.

All of our top five suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues with our suppliers that materially affect our operations, nor did we encounter any material disruptions in our product manufacturing due to shortages of major components.

Overlapping of Major Customers and Suppliers

During the Track Record Period, we purchased core boards from Supplier C and Supplier D. In 2023 and 2024 and for the nine months ended September 30, 2025, our purchases from Supplier C accounted for 6.6%, nil, and nil of our total purchase for the same period, respectively, and our purchases from Supplier D accounted for 4.6%, nil, and nil of our total purchase for the same period, respectively. Supplier C and Supplier D also purchased our decorative layers. In 2023 and 2024 and for the nine months ended September 30, 2025, revenue generated from the purchases from Supplier C accounted for 0.76%, nil, and nil of our total revenue for the same period, respectively, and revenue generated from the purchases from Supplier D accounted for 0.34%, nil, and nil of our total revenue for the same period, respectively. Supplier C and Supplier D purchased our decorative layers for the purpose of installing them on the core boards, which will be subsequently sold to us. As a result, the utilization rate of the Changzhou production facility surpassed 100% in 2023. According to Frost & Sullivan, it is not uncommon in the industry for the flooring manufacturer to outsource the production to fulfill strong customer demands. All of our sales to and purchases from such Supplier C and Supplier D were conducted under normal commercial terms and in arm's length transactions. Our Directors confirmed that, save as disclosed herein, none of our major customers was also a supplier, and vice versa, during the Track Record Period.

BUSINESS

DATA SECURITY

We are deeply committed to protecting the security and integrity of our information assets and the data entrusted to us by our suppliers and customers. To this end, we have established comprehensive policies and measures regarding data privacy and security to ensure compliance with applicable laws and regulations in China and other jurisdictions where we operate.

We process customers’ personal information in our daily operations, but only to the extent necessary for the sale and delivery of our products in conformity with the relevant laws and regulations. Sales and delivery of products involve certain customer privacy information, such as personal information, contact information and user addresses.

We have designed and implemented a series of policies and procedures to safeguard data security and cybersecurity covering every aspect of our day-to-day business operations. We have also established strict data security protocols, such as implementing data classification and protection measures, and enforcing confidentiality through employment contracts and confidentiality clauses in agreements with developers and third-party partners.

To strengthen our organizational governance over information security, we have established an Enterprise Information Center, where system administrators have been designated for ensuring the stable operation of our information system infrastructure, including database servers, application servers, network switches, and terminal computers. The main responsibilities of system administrators include (i) establishing and implementing routine maintenance procedures for information system software, (ii) ensuring the proper and stable operation of the software, and (iii) removing obsolete user data and managing user access rights. Each department has also designated information management officers to ensure the proper operation of information system software, maintain basic system data, and perform regular data backups.

Additionally, we employ a range of advanced technical measures to safeguard our information and network infrastructure, including firewalls, intrusion detection systems, and antivirus systems. System logs and monitoring mechanisms are also in place to track data access and record abnormal activities for timely response.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material litigation or dispute related to data protection and personal information protection, nor had we been subject to or involved in any material investigation or penalty by relevant competent regulatory authorities in this regard. See “Risk Factors — Risks Relating to Our Business and Industry — 2.We face legal, reputational, and financial risks from any failure to protect our customers and ourselves from cybersecurity incidents, breaches, or attacks”.

BUSINESS

COMPETITION

We primarily compete in the PVC flooring industry by exporting our products overseas. The market in which we operate is highly competitive and rapidly evolving. According to Frost & Sullivan, the PVC flooring exporting industry is relatively fragmented, with top five players accounting for a combined market share in terms of global revenue of 4.76% in China in 2024. We anticipate that the PVC flooring industry will continually evolve and experience changes in technology, industry standards, and customer preferences.

According to Frost & Sullivan, in 2024, we ranked eighth among China-based PVC flooring export manufacturers in terms of global PVC flooring sales area, with a market share of 0.61%, and ranked first among China-based PVC flooring export manufacturers in terms of global SPC flooring sales area, with a market share of 1.02%. See “Industry Overview”.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, some of our competitors may have a longer operating history, greater financial, technological, and other resources, or higher brand recognition than us. For more details, see “— Our Competitive Strengths”. For more information about the risks we face related to competition, see “Risk Factors — Risks Relating to Our Business and Industry — We operate in a competitive market and may not be able to compete effectively against our existing and future competitors”.

INTELLECTUAL PROPERTY

We regard our proprietary trademarks, patents, domain names, trade secrets, and other intellectual property rights critical to our business operations. As of the Latest Practicable Date, we had 10 trademarks, 68 patents, 21 copyrights, and 2 domain names. For more details, see “Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights” in Appendix V to this document.

We rely on a combination of copyright, patent, and trademark law, trade secret protection, confidentiality agreements with employees, and intellectual property and confidentiality provisions in our agreements with third-party suppliers to protect our intellectual property rights. We also regularly monitor any infringement or misappropriation of our intellectual property rights.

During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, financial condition, or results of operations, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties. For information regarding risks related to our intellectual property, please see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights, and we may be exposed to intellectual property infringement or misappropriation claims”.

BUSINESS

EMPLOYEES

As of September 30, 2025, we had 912 full-time employees, substantially all of whom were based in China and Vietnam.

The following table sets forth a breakdown of our full-time employees by functional departments as of September 30, 2025.

Function	As of September 30, 2025	
	Number of Employees	Percentage of Total Employees (%)
Management	41	4.5
Finance	27	3.0
Administration and Human Resources	11	1.2
Sales and Marketing	43	4.7
Procurement	9	0.9
Production	735	80.6
Research and Development	13	1.4
Quality Control	33	3.6
Total	912	100.0

Our success depends on our ability to attract, motivate, train, and retain qualified personnel. We recruit our employees through different channels, including online job postings and employee referrals. Our employee compensation consists of a base salary plus performance-based bonus. We believe we offer our employees competitive compensation packages and an environment that encourages development and, as a result, have generally been able to attract and retain qualified personnel.

We believe that we maintain a good working relationship with our employees. We have formed labor unions in China and Vietnam to protect our employees’ rights. We had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds.

BUSINESS

During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for our employees as required by the relevant PRC laws and regulations. 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 Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, human resources and social security authorities are prohibited from organizing and conducting centralized collection of enterprises’ historical social insurance underpayments.

As advised by our PRC Legal Advisers, considering the relevant regulatory policies, based on regulatory confirmations, and following interviews with the competent authorities responsible for social insurance and housing provident funds, the likelihood that we would be subject to material administrative penalties due to our social insurance and housing provident fund contributions during the Track Record Period is remote. Meanwhile, the risk of making payment for the outstanding social insurance or housing provident fund is relatively remote.

Our Directors believe that the incident described above would not have a material adverse effect on our business, financial condition, and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) as advised by our PRC Legal Advisor, we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any material employee complaint or have any material disputes with employees concerning their payment of social insurance and housing provident funds; (ii) no material administrative penalty was imposed on us with respect to the payment of social insurance and housing provident funds during the Track Record Period and as of the Latest Practicable Date; and (iii) if we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice.

In accordance with PRC labor laws, we enter into individual employment contracts with our employees, covering matters such as wages, bonuses, employee benefits, workplace safety, and grounds for termination. In addition, we enter into standard confidentiality and non-compete agreements with our key employees.

BUSINESS

PROPERTIES

Owned Properties

As of the Latest Practicable Date, in Chinese Mainland, we owned the land use rights to 6 parcels of land located in the Chinese Mainland, with a total site area of approximately 105.8 thousand square meters. Such parcels of land are used primarily for production and leasing. As advised by our PRC Legal Advisors, we have obtained the land use certificates for such parcel of land and legally owned the land use rights to such parcel of land.

As of the Latest Practicable Date, we owned 6 properties in the Chinese Mainland, with a total gross floor area of approximately 129.3 thousand square meters used primarily for production and leasing. As advised by our PRC Legal Advisors, we have obtained the ownership certificates for such properties.

Leased Properties

As of the Latest Practicable Date, we operated our businesses primarily through 2 leased properties in Vietnam, with a total gross floor area of approximately 70,000 square meters. Such properties primarily serve as our production facilities.

Cushman & Wakefield Limited, an independent property valuer, assessed our selected properties as of December 31, 2025. This assessment included certain property interests designated for property activities. See “Appendix III — Valuation Report”. Having considered the implications of Rule 5.01A of the Listing Rules, our Directors confirm that as of September 30, 2025, the property interest not subject to valuation is the property interest that does not form part of our property activities while the carrying amount of such property interest is not above 15% of our total assets.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events in our daily operations. We have purchased property insurance covering all risks of physical loss, destruction, or damage to the inventory of our products and our fixed assets. We maintain commercial insurance, including employer’s liability insurance and third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. In addition, we purchase export credit insurance annually to mitigate trade risk.

We consider our current insurance coverage to be adequate. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance plans to align with our needs and with industry practice. See “Risk Factors — Risks Relating to Our Business and Industry — We may have limited insurance coverage and may be subject to liabilities resulting from potential operational risks and losses that may not be covered by our insurance policies”.

LICENSES, PERMITS, AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, approvals, permits, and certificates necessary for our business operations in all material respects from relevant government authorities in the Chinese Mainland and other jurisdictions where we operate, and such licenses, permits, approvals, and certificates remained in full effect.

BUSINESS

The following table sets forth a list of our material licenses, permits, and approvals.

License/Permit/ Approval	Holder	Granting Authority	Grant Date	Expiry Date
Customs Declaration Unit Registration Certificate (報關 單位註冊登記證 書)	Our Company	Changzhou Customs of the People’s Republic of China (中華人民 共和國常州海關)	August 31, 2010	—
Discharge Permit (排污許可證)	Our Company	Changzhou Municipal Bureau of Ecology and Environment (常 州市生態環境局)	December 14, 2023	December 13, 2028

ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE

We recognize that fulfilling ESG responsibilities is important to our operations and long-term development. We are committed to systematically incorporate ESG principles into our corporate strategy, production and operations, and management practices. We seek to ensure the effective implementation of ESG principles by establishing and continually improving our relevant governance structure and policies, and continuously improve internal ESG policies and management systems. We plan to strictly comply with the relevant requirements of the “Environmental, Social and Governance Reporting Code” as set out in Appendix C2 of the Listing Rules, and intend to maintain transparent communication with our stakeholders — such as customers, employees, investors, and local communities — through the annual publication of ESG report, to actively respond to their expectations and concerns.

ESG Governance

We recognize that a robust ESG governance structure is fundamental to the systematic advancement of our Environmental, Social and Governance initiatives. We have established a three-tier organizational structure of “Board of Directors — Sustainability Committee — ESG Working Group” to coordinate ESG strategic decision-making, implementation oversight, and day-to-day management, and ensure that relevant principles and actions are effectively implemented across the Company.

- The Board of Directors, our major governance body, is primarily responsible for (i) reviewing and approving our sustainability strategy and material ESG policies; (ii) overseeing the effectiveness of our ESG risk management framework and the response to material ESG risks; (iii) evaluating the progress of achieving ESG targets and our overall ESG performance; and (iv) approving our external ESG-related disclosures.
- The Sustainability Committee is responsible for leading and overseeing the implementation of ESG initiatives. Its primary responsibilities include (i) identifying and assessing material ESG risks and opportunities; (ii) setting the ESG targets, policies and action plans; and (iii) coordinating cross department ESG resources and workstreams.

BUSINESS

- The ESG Working Group is responsible for advancing and managing ESG initiatives in day-to-day operations. Its primary responsibilities include (i) implementing approved ESG action plans; (ii) managing and mitigating ESG risks in daily operations; (iii) collecting and consolidating ESG performance data and disclosure materials; and (iv) routinely reporting the progress of ESG action plans to the Sustainability Committee.

We have established the risk and opportunity response control procedure to clearly outline the management principles and requirements including risk response measures, risk avoidance, risk reduction, and risk acceptance. Moving forward, we will leverage our ESG governance framework to strengthen the ongoing identification and management of ESG risks and opportunities, as well as their integration into the our Group's overall risk management system.

Environmental Protection

We are committed to the principle of green development and incorporate environmental protection into our daily operations. Through systematic environmental management practices, we implement management measures relating to energy use and waste emissions, place emphasis on resource conservation and efficient use, and proactively address climate change. We are committed to promote efficient use of resources and support sustainable development.

Environmental Goals

We are committed to the long-term improvement of environmental management standards and performance. Based on our operational characteristics, we have established the following objectives across four key areas: emissions, waste, energy and resource usage, and greenhouse gas emissions.

- **Emissions:** all types of exhaust emissions will comply with the Grade II emission standards under the integrated emission standard of air pollutants (GB 17297-1996) and may not exceed the limits specified by the local authorities where we operate.
- **Waste:** solid waste shall be classified and disposed of in full compliance with regulations, achieving a 100% compliant disposal rate.
- **Energy and Resource Usage:** annual electricity consumption may not exceed 1% of the budgeted usage for the year, and we will continually promote water conservation in both office and production facilities, strengthen awareness initiatives, and strive to reduce water intensity gradually.
- **Greenhouse Gas Emissions:** actively explore opportunities for energy conservation and emission reduction in office and production processes; increase investment in cleaner production and implement measures such as technological upgrades and replace energy-consuming equipment to reduce greenhouse gas emissions based on actual operational conditions.

To achieve the above goals, we will comply with relevant regulations and internal rules in our daily operations, strengthen the supervision and implementation of environmental responsibilities, promote measures such as energy conservation, water conservation, and emission reduction, and achieve a win-win situation for enterprise development and environmental benefits.

BUSINESS

Emissions Management

We comply with relevant laws and regulations such as the Environmental Protection Law of the People’s Republic of China, Law of the People’s Republic of China on the Prevention and Control of Air Pollution, Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and Law of the People’s Republic of China on Noise Pollution Prevention and Control. We have also formulated internal management regulations such as the environmental protection management policy, waste disposal management regulations, and management policy for hazardous chemicals, established an environmental protection accountability system with defined environmental objectives, and set up an environmental management team to conduct risk and hazard inspections. Therefore, we can implement scientific and standardized compliance management for various emissions generated during production and operation and to prevent the likelihood of major environmental pollution incidents.

- **Air emissions management:** We strictly follow the Integrated Emission Standard of Law of the People’s Republic of China on the Prevention and Control of Air Pollution for air pollutants such as organic waste gases (including nitric oxide and non-methane hydrocarbons) and particulate matter generated during production processes. By adopting low-pollution environmentally friendly raw materials, along with combined treatment technologies including collection by hoods and activated carbon adsorption, waste gases are able to comply with applicable emission standards. We require volatile raw materials and products to be stored in sealed facilities, adopt recovery and treatment measures during loading and unloading, and, in principle, ensure that exhaust gases are fully collected and treated to prohibit any direct discharge without treatment.
- **Waste management:** We implement waste classification, collection, and centralized handling. For hazardous waste, such as waste paint, waste paint buckets, glue buckets, oil-contaminated rags, and spent activated carbon, we designate dedicated storage areas and engage qualified waste recycling entities for compliant transfer and disposal, ensuring a 100% hazardous waste classification and handling rate. Non-hazardous waste, such as domestic waste, is collected and transported for disposal by local authorities. In addition, in line with the principles of waste minimization and resource recovery, we enter recycling arrangements with vendors to recycle waste for reuse.
- **Noise control:** To reduce impacts on the surrounding environment, we ensure that boundary noise levels at our facilities comply with the emission standard for industrial enterprises noise at boundary (GB 12348-2008). We control noise emissions through measures including strengthened equipment maintenance, the use of low-noise equipment, workshop sound insulation and the installation of noise reduction, and vibration damping devices.

BUSINESS

The following table sets forth the waste and air emissions data¹ for the Track Record Period.

	Unit	For the Year Ended December 31,		For the Nine Months Ended September 30, 2025
		2023	2024	
Hazardous Waste	Tonnes	8.69	17.10	23.92
Hazardous Waste Generation Intensity	Kilogram/ RMB10,000 revenue	0.06	0.18	0.25
Non-hazardous Waste	Tonnes	1,405	4,338	7,144
Non-hazardous Waste Generation Intensity	Kilogram/ RMB10,000 revenue	7.35	44.61	74.44
Total Air Emissions	Tonnes	12.37	16.04	19.64
Air Emissions Intensity	Kilogram/ RMB10,000 revenue	0.09	0.16	0.20

Resource Utilization

We place emphasis on the efficient use of energy and resources. We strictly comply with the Energy Conservation Law of the People’s Republic of China, Water Law of the People’s Republic of China, and other applicable laws and regulations and have adopted the Management Measures for the Use of Energy and Resources to set energy consumption targets and systematically enhance resource efficiency. We have established an energy management framework spanning decision-making, management, and execution, to continually enhance the granularity and systematization of energy management.

Being in the flooring production industry, we deeply integrate the philosophy of energy conservation and consumption reduction into our daily production and operations, and are committed to ensure our resource consumption complies with regulatory requirements in the jurisdictions where we operate. Our energy consumption primarily consists of purchased electricity used in production and operational premises. In the production process, we strive to control the consumption of key raw materials and electricity precisely within the budget through innovative processes and strict compliance with operating procedures, thereby enhancing resource efficiency at the beginning. We also conduct regular specialized training on energy conservation and strengthen the awareness of saving among all employees through internal communications and other initiatives.

¹ In 2024, due to increased production capacity at the Vietnam factory, the total amount and intensity of hazardous waste, non-hazardous waste, and air emissions showed significant fluctuations compared to the previous year.

BUSINESS

We attach great importance to the conservation and sustainable use of water resources. Our main water source is the municipal supply. In daily operations, we implement fundamental water-saving measures, including posting signs near water-using facilities to guide employees in proper usage, as well as conducting periodic inspections and maintenance of water supply networks to systematically improve water resource efficiency.

The following table sets forth the energy and resource consumption data for the Track Record Period.

	Unit	For the Year Ended December 31,		For the Nine Months Ended September, 2025
		2023	2024	
Total Energy Consumption ⁽¹⁾	MWh/	92,673.09	96,641.88	75,666.89
Energy Consumption Intensity	MWh/RMB10,000 revenue	0.65	0.99	0.79
Total Water Consumption	m ³	81,376	84,903	86,077
Water Consumption Intensity	m ³ /RMB10,000 revenue	0.57	0.87	0.90
Packaging Material Consumption ⁽²⁾	Tonnes	92	112	134
Packaging Material Consumption Intensity	Kilogram/ RMB10,000 revenue	0.65	1.15	1.40

Responding to Climate Change

In light of the challenges and transition opportunities arising from global climate change, we recognize the importance of low-carbon emission to the sustainable development of the manufacturing industry. As a flooring products manufacturer, we actively take climate change into account in our daily operations and strategic planning to gradually identify related risks and opportunities. In addition, we explore the integration of green production concepts into product innovation and process design to work with stakeholders to jointly address climate change.

Note:

- (1) Our primary energy consumption sources include diesel, gasoline, natural gas, purchased electricity, and steam.
- (2) The packaging materials consumed in our operations mainly consist of wood and paper-based packaging materials; The significant increase in packaging material consumption in 2024 compared to the previous year was due to the increased production capacity of the Vietnam factory.

BUSINESS

Physical risks

Extreme weather events, such as heavy rainfall, flooding and prolonged high temperatures, may have a direct impact on our production facilities and the logistics and transportation of raw materials and finished products, resulting in power supply disruptions, production suspensions, or delivery delays. These events may in turn adversely affect the stability of our production plans, order fulfillment and customer service. In response to these extreme scenarios, we have established emergency response system, conducted regular training and drills, and equipped and maintained disaster prevention and flood control materials to enhance our ability to handle emergencies and prevent risks.

Transition risks

With increasingly stringent climate-related environmental regulations and relevant compliance requirements, we may need to allocate additional resources for environmental technology upgrades and compliance management. At the same time, in response to growing market demand for green building materials in downstream sectors and the industry trend toward low-carbon transition, we have adopted higher environmental standards in raw material selection and procurement procedure and applied energy-efficient equipment and low-carbon technologies in the production processes. These initiatives may, in the near term, lead to corresponding increases in operational and capital expenditure. To proactively manage and mitigate the transition risks posed by climate change, we will strive to promote collaboration with upstream supply chains, refine green procurement standards, and evaluation systems, thereby reducing the carbon footprint across the upstream value chain and enhancing industrial resilience. Furthermore, going forward, we will strengthen feasibility analysis and assessment of energy-saving and carbon-reduction technologies to ensure that green and low-carbon investments translate into both economic benefits and measurable emission reduction outcomes.

We are implementing comprehensive climate risk response measures and strategies to enhance climate resilience. Moving forward, we will continue to identify and assess climate-related risks and opportunities. By proactively managing transition risks and improving energy and resource efficiency, we will further strengthen operational resilience and ensure that our development roadmap aligns with the national low-carbon transition strategy.

We continue to advance the scientific management of greenhouse gas emissions by strengthening our emissions management framework and implementing emission-reduction measures through process optimization, equipment upgrades, and energy mix transition. To comprehensively assess the environmental impacts across the product life cycle, we have also been actively advancing product carbon footprint assessment and verification and, based on the results, continually enhancing supplier raw material procurement management and eco-design practices to reduce life-cycle carbon footprints. In 2025, we obtained certification for our greenhouse gas emissions management system and completed carbon footprint verification for our SPC flooring products, for which carbon footprint reports were issued.

BUSINESS

The following table sets forth the greenhouse gas emissions for the Track Record Period.

	Unit	For the Year Ended December 31,		For the Nine Months Ended September
		2023	2024	30, 2025
Scope 1 Greenhouse Gas Emissions ⁽¹⁾	tCO ₂ e	1,067.48	897.89	473.19
Scope 2 Greenhouse Gas Emissions ⁽²⁾	tCO ₂ e	38,319.28	42,673.07	34,461.90
Scope 3 Greenhouse Gas Emissions ⁽³⁾	tCO ₂ e	10,995.14	12,721.90	10,391.53
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)	tCO ₂ e	39,386.76	43,570.95	34,935.09
Greenhouse Gas Emission Intensity (Scope 1 + Scope 2)	tCO ₂ e/ RMB10,000 revenue	0.28	0.45	0.36

Note:

- ⁽¹⁾ Our Scope 1 greenhouse gas emissions primarily arise from the combustion of diesel, gasoline, and natural gas. The relevant calculation parameters and emission factors are sourced from the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial) issued by the National Development and Reform Commission of the People’s Republic of China.
- ⁽²⁾ Our Scope 2 greenhouse gas emissions are indirect emissions resulting from the purchase of electricity and steam. The electricity emission factor is sourced from the Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factors jointly issued by the Ministry of Ecology and Environment of the People’s Republic of China and the National Bureau of Statistics, while the emission factor for purchased steam is sourced from the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial) issued by the National Development and Reform Commission of the People’s Republic of China.
- ⁽³⁾ Our scope 3 greenhouse gas emissions cover two categories: fuel- and energy-related activities and business travel.

BUSINESS

Social Responsibility

Actively fulfilling social responsibility is an integral part of achieving sustainable development for society and all stakeholders. We are dedicated to create long-term value for all parties by (1) providing safe, environmentally friendly, and innovative new home material products and services to meet customer needs, (2) building a safe and equitable working environment and growth system to support employee development, and (3) implementing responsible supply chain management standards to drive progress across the industrial chain. We adhere to business ethics and applicable laws and regulations, foster an honest and compliant operating environment, and actively pay attention to and participate in community development, striving to pursue shared progress for both the enterprise and society.

Employment

We strictly comply with relevant laws and regulations, including the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China. We have established and continually improved internal employee management systems such as the employee handbook, and provided employees with social insurance and housing provident fund contributions in accordance with the regulations. As a result, we ensure comprehensive protection of employees’ legitimate rights and interests in areas such as recruitment, compensation, leave, and termination. We explicitly prohibit use child labor or any form of forced labor and are committed to build a fair and just working environment.

For employee development, we have adopted the human resources control procedure and established a systematic training and development framework. This framework covers comprehensive training areas, including onboarding for new employees, job-related skills, quality management systems, work safety, and qualifications for special operations, and is delivered during internal and external trainings and on-the-job guidance to enhance employees’ professional skills and career development. Our administrative and human resources department formulates an annual training plan annually to continually enhance employees’ professional capabilities, quality awareness, and problem-solving skills to support their career development.

We also strictly comply with the Work Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, and other relevant laws and regulations. We have adopted internal management policies such as the safety production target management policy and the occupational health management policy, and have clarified and implemented a safety production accountability system to place the occupational health and safety of our employees as our top priority. We systematically prevent occupational injuries and fire risks to fully safeguard the personal safety of our employees by (1) providing employees with necessary personal protective equipment, (2) conducting monitoring and testing for occupational hazard factors, (3) arranging regular occupational health examinations, and (4) organizing regular safety and fire-fighting training and strictly enforcing fire prevention management measures in production areas. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any major safety incidents resulting in work-related fatalities.

BUSINESS

The following table sets forth the employee-related data for the Track Record Period:

		Unit	For the Year Ended December 31,		For the Nine Months Ended September 30, 2025
			2023	2024	
Total number of employees		Persons	775	911	912
Number of employees by category					
By employment type	Full-time	Persons	775	911	912
	Part-time	Persons	0	0	0
By gender	Male	Persons	589	607	588
	Female	Persons	186	304	324
By age group	30 years and below	Persons	205	249	248
	31 to 50 years	Persons	492	581	586
	Above 50 years	Persons	78	81	78
By region	Chinese mainland	Persons	682	480	381
	Overseas	Persons	93	431	531
Percentage of employees trained by category					
Percentage of trained employees among all employees		%	100	100	100
By gender	Male employees trained percentage	%	76	67	64
	Female employees trained percentage	%	24	33	36

BUSINESS

Supply Chain Management

To promote sustainable development and social responsibility management in our supply chain, we implement risk control measures based on the procurement management system and the material procurement control procedure. We conduct entry assessments for suppliers in accordance with established standards, focusing on reviewing their qualification documents such as business licenses, production permits, inspection reports, certificates, and necessary quality system certifications. We comprehensively evaluate suppliers based on product quality, price, and delivery capabilities. Only those meeting the criteria are included and dynamically maintained in the our approved supplier list. During procurement process, we select suppliers from this list according to approved procurement plans and technical standards, with quality and delivery requirements clearly stipulated in purchase contracts. We also conduct ongoing evaluations using information such as incoming material verification, acceptance qualification rates, and delivery performance. Suppliers that repeatedly fail to meet requirements are subject to measures such as suspension or removal from the list in accordance with established procedures. We require suppliers to sign a social responsibility commitment letter, which specifies requirements and principles regarding environmental management, labor practices, and integrity management, aiming to mitigate environmental and social risks within the supply chain.

Product Responsibility

Product quality and safety have always been a fundamental principle in our operational management. We have established quality management procedures such as the product release control procedure and the non-conforming output control procedure to monitor and measure both the production process and the final products. These procedures cover the entire product lifecycle, including the release of raw materials, in-process quality control, and final product inspection, ensuring that product quality meets the requirements of customers and relevant stakeholders. We also monitor the operation of our product quality control system to ensure that finished products are safe and reliable before leaving our facilities. Additionally, we have formulated and implemented a product recall management system, establishing a systematic and standardized recall management framework that covers the entire process from recall initiation, assessment, and execution of the recall plan to subsequent handling and reporting. This ensures a swift response, effective control, and proper resolution in the event that safety risks are identified in delivered products.

In terms of intellectual property protection, we systematically manage intellectual property in accordance with the internally established intellectual property management system. This system clarifies management principles and requirements for key aspects such as intellectual property evaluation, record-filing, result determination, and intellectual property training, aiming to mitigate both internal and external risks of intellectual property infringement from the perspectives of internal management and external risk prevention.

In the field of information security, we have set out clear information security management requirements in the employee handbook, which are designed to ensure the confidentiality, integrity, and availability of the our information. These requirements cover various types of sensitive data, including technical data and business information, and mandate that all employees strictly comply with security regulations in activities such as information access, storage, transmission, and the use of equipment.

BUSINESS

Business Ethics

We strictly comply with laws and regulations such as the Anti-Money Laundering Law of the People’s Republic of China and the Anti-Unfair Competition Law of the People’s Republic of China. Clear standards of business conduct are established in our employee handbook, requiring all employees to adhere to the principle of integrity in order to maintain a fair and transparent business environment. We expressly prohibit any form of commercial bribery, improper benefits transfer, or fraudulent activities. Under no circumstances may employees solicit or accept cash, valuable gifts, or improper entertainment from suppliers, customers, or other business affiliates. In addition, we have established mechanisms for declaring and avoiding conflicts of interest and require employees to properly safeguard company assets and confidential information. We prohibited to use one’s professional position or authority for personal gain or to engage in any activities that may harm the interests of the Company. Furthermore, we have established internal reporting channels and are committed to maintaining strict confidentiality regarding reported information and the identity of reporters. Any form of retaliation is strictly prohibited.

Public Welfare and Charity

We actively fulfil our corporate social responsibilities and regard public welfare initiatives as an integral part of our corporate culture, with a continued focus on social needs including education development and community well-being. In recent years, we have worked collaboratively with external organizations and actively participated in various public welfare programmes, including the “Dream Renovation+” youth support initiative launched by the Jiangsu Provincial Youth League organizations and donation initiatives organized by the Changzhou Wujin District Charity Federation. Through product donations and charitable contributions, we endeavor to create value for society and give back to the community. As our business continues to grow steadily and its overall strength strengthens, we will plan and actively explore community investment and public welfare initiatives that align with the characteristics of the home and building materials industry and our own resources. We are dedicated to giving back to the communities where we operate through concrete actions and contributing positively to promoting local harmonious development.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. For risks relating to legal proceedings, see “Risk Factors — Risks Relating to Our Business and Industry — We face legal, reputational, and financial risks from any failure to protect our customers and ourselves from cybersecurity incidents, breaches, or attacks”

BUSINESS

Compliance

We are of the view that we have complied, in all material respects, with all relevant laws and regulations in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date. As confirmed by our PRC Legal Advisor, during the Track Record Period, our business operated in the PRC have complied with relevant PRC laws and regulations in all material respects, and no material administrative penalties imposed on us have been found that may have a material adverse effect on our business operations. We have formed a culture of compliance by implementing various measures and processes to ensure that the behavior of our employees meets compliance requirements, and our compliance culture is embedded into our everyday workflow.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relating to managing our research and development management, sales operations, procurement execution, financial reporting, information disclosure management, and general controls over information technology.

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management, and relevant employees with continuing training programs and updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting, and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our information management system, such as the establishment of a dedicated team responsible for cybersecurity and data protection, the formulation of data protection policies and measures, and the provision of training to employees involved in data control and management. In addition, we have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethics, and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures, and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to evaluate our internal control system in connection with the [REDACTED]. The internal control consultant has conducted review procedures on our internal control system. Our internal control consultant did not identify any material internal control weakness or failure in reviewing our internal control system after rectification.

BUSINESS

AWARDS AND RECOGNITION

We have established strong brand and reputation with our technological capabilities and trustworthy products.

The following table sets forth certain significant awards and recognition that we have received.

<u>Awarding Year</u>	<u>Award/Recognition</u>	<u>Issuing Organization</u>
2025	Jiangsu Province Enterprise Credit Quality AA (江蘇省企業質量信用AA級)	Jiangsu Provincial Administration for Market Regulation (江蘇省市場監督管理局)
2025	Vice President Unit (副會長單位)	Changzhou Flooring Association (常州市地板協會)
2025	Jiangsu Premium Brand Certification (江蘇精品產品認證證書)	United Testing Inspection & Certification Technology Co. Ltd. 聯檢(江蘇)科技股份有限公司
2024	Top 10 SPC Flooring Brands (SPC(石晶)地板十大品牌)	China Timber and Wood Products Distribution Association (中國木材與木製品流通協會)
2024	Top 10 Import and Export Enterprises (進出口十強企業)	Jointly issued by the Working Committee of the Jiangsu Changzhou Economic Development Zone of the Communist Party of China and the Jiangsu Changzhou Economic Development Zone Management Committee (中共江蘇常州經濟開發區工作委員會，江蘇常州經濟開發區管理委員會)
2023	Green Factory (綠色工廠)	Changzhou Municipal Bureau of Industry and Information Technology (常州市工業和信息化局)