Unless otherwise indicated, the data and statistics contained in this section and elsewhere in this document have been extracted from various official government publications and other publications, as well as an industry report prepared by Frost & Sullivan, an independent market research and consulting firm commissioned by us in connection with the [**REDACTED**]. *Information derived from official government sources has not been independently verified by us, the Sponsor, the* [**REDACTED**]*, the* [**REDACTED**]*, or any other person or party involved in the* [**REDACTED**]*, and no representation is made as to its accuracy.*

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research consultant, to analyze and prepare a report on the global new polymer stone plastic decoration composite materials industry for use in this document, for which we have paid a fee of RMB 680,000. In preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the prevailing social, economic, and political conditions globally will remain stable throughout the forecast period; (ii) government policies applicable to the new polymer stone plastic decoration composite materials industry globally will remain consistent throughout the forecast period; and (iii) the new polymer stone plastic decoration composite materials industry globally will, throughout the forecast period, be driven by the factors described in the report. Unless otherwise indicated, all data and forecasts contained in this section are sourced from the Frost & Sullivan Report. The Frost & Sullivan Report has been independently prepared by Frost & Sullivan and has not been influenced by us or any other relevant parties.

Frost & Sullivan is an independent global consulting firm established in New York in 1961, providing services including, among others, industry consulting, market strategy consulting, and corporate training. Frost & Sullivan conducted (i) primary research, including discussions with a number of leading industry participants regarding the current state of the industry and, on a best-efforts basis, interviews with industry experts to collect data for the purposes of in-depth analysis; and (ii) secondary research, including review of company reports, independent research reports and data from its proprietary research database.

OVERVIEW OF POLYMER MATERIALS AND NEW POLYMER COMPOSITE MATERIALS INDUSTRY

Definition of Polymer Materials and New Polymer Composite Materials

Polymer materials, also known as polymeric materials, are formed from long-chain structures where individual units are connected by chemical bonds. These polymer materials are characterized by their high molecular weight, high molecular density, diversity, plasticity, chemical stability, and insulating properties.

New polymer composite materials are advanced systems where polymers act as the continuous phase, combined with dispersed reinforcement materials through physical or chemical methods, creating a synergistic effect to achieve enhanced performance or functional properties.

OVERVIEW OF NEW POLYMER STONE PLASTIC DECORATION COMPOSITE MATERIALS INDUSTRY

The new polymer stone plastic decoration composite materials is an environmentally friendly decoration composite material primarily composed of a high proportion (≥50%) of inorganic stone powder (e.g., natural calcium carbonate powder, limestone ore powder), supplemented with polymer resins (such as PVC, PP, HDPE, PET, PETG, TPU, etc.) and various functional additives. It is manufactured through high-temperature melt extrusion molding or hot-pressing processes. It typically include PVC decoration materials and halogen-free stone plastic decoration composite materials.

Definition and Classification of PVC Decoration Materials

PVC decoration materials refer to polyvinyl chloride-based products widely used in interior applications such as flooring, wall panels and others. These materials exhibit a range of practical properties, including water proof, moisture proof, resistance to insects and mold, as well as high abrasion resistance and impact strength. PVC decoration materials are also environmentally friendly, recyclable, and beneficial to health.

PVC Flooring

SPC Flooring: SPC flooring is manufactured using natural calcium carbonate and PVC resin as its major raw materials, formed under high temperature and pressure. The high proportion of stone powder endows SPC flooring with exceptional stability. Moreover, SPC flooring is typically installed using a click-lock method, which is particularly suitable for DIY installation.

LVT Flooring: LVT flooring is a multi-layer elastic flooring product with PVC resin as its primary substrate. LVT flooring is recognized for its superior decorative versatility and is the most widely adopted in commercial applications.

EPC Flooring: EPC flooring is a multi-layer composite flooring made from natural calcium carbonate, polymer resin, and foaming agents. EPC flooring represents a more premium segment within the PVC flooring category. Its core layer, which incorporates a foaming agent, provides greater thickness, delivering the most comfortable underfoot feel and excellent sound insulation among PVC flooring products.

Other PVC Flooring: This category mainly includes VCT flooring, which is composed primarily of limestone filler bound with a polyvinyl chloride resin, among other products.

PVC Wall Panels

PVC wall panels usually include SPC wall panels and EPC wall panels. The finish layer can display diverse patterns like wood grain and stone textures through printing technology, achieving rich visual effects. Their key features are broadly analogous to those of PVC flooring. PVC wall panels are progressively gaining market share as a substitute for traditional interior wall covering materials, including conventional wallpapers, ceramic tiles, solid wood panels and among others.

Other PVC Decoration Materials

Other PVC decoration materials include ceiling panels, furniture such as cabinets, and auxiliary decorative components such as door/window architraves and skirting boards.

Definition of Halogen-Free Stone Plastic Decoration Composite Materials

Halogen-free stone plastic decoration composite materials refer to decoration materials contain no halogens (fluorine, chlorine, bromine, iodine, astatine) or maintain halogen content below specified threshold limits, including halogen-free PETG decoration materials, halogen-free rPET decoration materials, and others. Halogen-free stone plastic decoration composite materials represent a significant innovation in the industry.

Halogen-free PETG decoration materials refer to halogen-free stone plastic decoration composite materials made from virgin (non-recycled) PETG resin as the base material. Halogen-free PETG decoration material possesses characteristics similar to those of PVC decoration material. Moreover, it substantially reduces the emission of harmful substances during production process, addressing growing market and regulatory concerns regarding environmental impact.

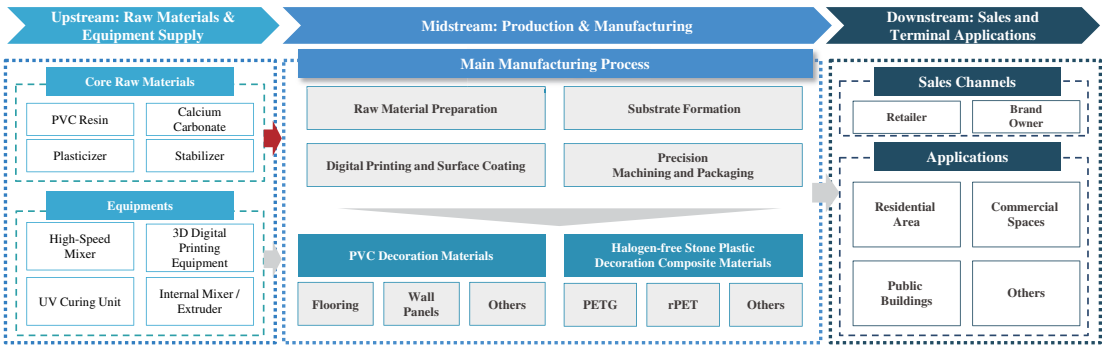
Halogen-free rPET decoration materials represent an important subcategory of halogen-free PETG decoration materials developed under the concept of a sustainable circular economy. Halogen-free rPET decoration materials use recycled PET materials as their core substrate; waste materials are subjected to sorting, cleaning, crushing, melting, and re-granulation to produce usable rPET resin, which is then used in flooring production. In terms of performance, high-quality rPET flooring can achieve physical properties comparable to those of virgin PETG flooring. Furthermore, rPET flooring is itself capable of being recycled again.

In the future, an emerging segment is expected to be formed by halogen-free stone plastic decoration composite materials using base materials such as recycled textile fibers and other halogen-free alternatives.

Industrial Chain of New Polymer Stone Plastic Decoration Composite Materials Market

The upstream segment primarily includes the supply of chemical raw materials, including PVC resin, calcium carbonate fillers and plasticizers, among others. The midstream manufacturing segment includes processing technology innovation and the application of precision mould technology, which determine the product's texture authenticity, dimensional stability and surface abrasion resistance. Advanced embossing technology combined with high-definition printed layers can realistically imitate the appearance of natural materials such as wood and stone, meeting consumers' aesthetic requirements. The Company is positioned in the midstream segment of the industry value chain. Downstream sales channels primarily comprise retailers and brand owners, while demand is principally driven by the commercial and residential renovation and decoration market.

Industrial Chain of New Polymer Stone Plastic Decoration Composite Materials Market



Source: Frost & Sullivan

Advantage Analysis of New Polymer Stone Plastic Decoration Composite Materials

- ***Environmental Performance and Recyclability.*** New polymer stone plastic decoration composite materials have no formaldehyde added during the production process. Thus, they are more environmental friendly and healthier. In addition, unlike traditional timber flooring, they do not rely on wood or other forest resources, thereby reducing the use of non-renewable natural resources. Furthermore, they can be re-granulated and used as raw material in the production of new products.

- ***Aesthetics and Design Diversity.*** Through advanced printing technology, new polymer stone plastic decoration composite materials can closely replicate the texture of natural wood, the appearance of stone, and even the patterns of carpets, with a variety of colors and designs that can meet diverse decorative style needs. The rich colors and textures of the materials enable these materials to serve as effective substitutes for a range of traditional interior finishing products, such as wooden flooring, ceramic tiles, wallpapers, and carpets.

- ***Economic Efficiency.*** The click-lock installation design of SPC and EPC flooring greatly simplifies the construction process. Also, LVT flooring can be cut and then installed quickly over large areas, allowing for efficient coverage without the need for extensive seaming. This significantly improves installation efficiency and reduces labor costs. Furthermore, the products themselves are typically priced more competitively than many traditional decorative materials.

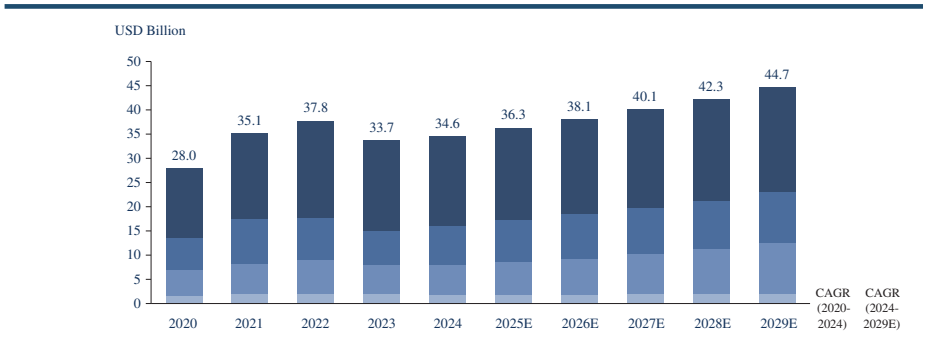
- ***Convenience of Installation and Renovation.*** The modular design and click-lock installation method of SPC and EPC flooring, as well as the seamless installation feature of LVT flooring, make installation and removal highly convenient. These materials can be installed directly over existing floor surfaces for renovation and can subsequently be dismantled with relative ease.

- ***Ease of Maintenance.*** New polymer stone plastic decoration composite materials have a dense surface with excellent stain resistance and wear resistance. They possess strong water proof and moisture proof capabilities, therefore, its daily cleaning only requires wiping with a mop, making maintenance convenient.

Market Size of PVC Decoration Materials Industry

The global market size of PVC decoration materials increased from USD28.0 billion in 2020 to USD34.6 billion in 2024, and is expected to reach USD44.7 billion in 2029, with a CAGR of 5.2% during the period. By region, North America and Europe account for a relatively large share in the global PVC decoration materials market, followed by the Asia-Pacific region. In 2024, the market sizes of PVC decoration materials in North America, Europe, and the Asia-Pacific region were USD18.5 billion, USD8.3 billion, and USD6.1 billion, respectively, with shares of 53.5%, 23.9%, and 17.6%.

Market Size of PVC Decoration Materials Industry, Global, 2020-2029E

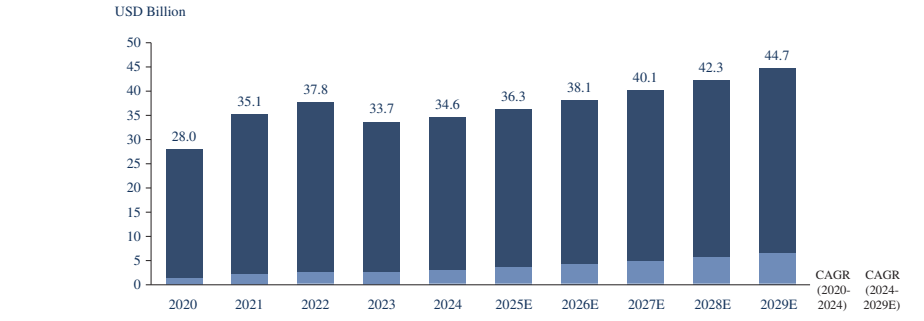


	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
North America	14.46	17.82	20.18	18.69	18.52	19.11	19.72	20.35	21.00	21.68	6.4%	3.2%
Europe	6.68	9.09	8.61	7.11	8.26	8.68	9.11	9.57	10.05	10.56	5.5%	5.0%
Asia Pacific	5.31	6.37	7.00	5.96	6.09	6.71	7.42	8.25	9.23	10.38	3.5%	11.3%
Others	1.54	1.86	1.96	1.89	1.72	1.78	1.84	1.90	1.97	2.04	2.9%	3.5%
Total	**27.98**	**35.14**	**37.75**	**33.67**	**34.60**	**36.28**	**38.10**	**40.08**	**42.25**	**44.66**	**5.5%**	**5.2%**

Source: UNData, General Administration of Customs of the People's Republic of China, Frost & Sullivan

By product, PVC flooring hold the largest share in the global PVC decoration materials market. In 2024, their market size was USD31.7 billion, accounting for approximately 91.5% of the total market. It is projected to reach USD38.1 billion by 2029, with a CAGR of 3.7% from 2024 to 2029.

Market Size of PVC Decoration Materials Industry (by product type), Global, 2020-2029E

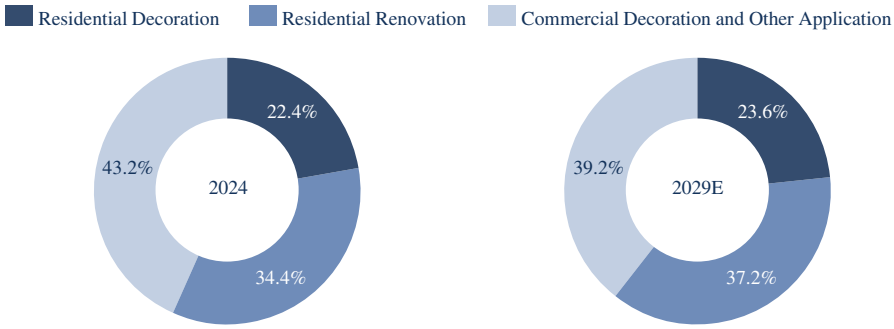


	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
Flooring	26.58	33.07	35.20	31.10	31.66	32.74	33.90	35.16	36.53	38.05	4.5%	3.7%
Wall	1.26	1.88	2.34	2.37	2.72	3.31	3.95	4.65	5.43	6.29	21.3%	18.2%
Others	0.14	0.19	0.21	0.20	0.22	0.23	0.25	0.27	0.30	0.32	11.5%	8.2%
Total	**27.98**	**35.14**	**37.75**	**33.67**	**34.60**	**36.28**	**38.10**	**40.08**	**42.25**	**44.66**	**5.5%**	**5.2%**

Source: UNData, General Administration of Customs of the People's Republic of China, Frost & Sullivan

In 2024, PVC decoration materials for flooring were applied approximately 22.4% in residential decoration, 34.4% in residential renovation, and 43.2% in commercial decoration and other applications. Looking ahead, as the application of housing refurbishment continues to expand, the share of the residential renovation segment is expected to increase, with its proportion projected to rise to approximately 37.2% by 2029.

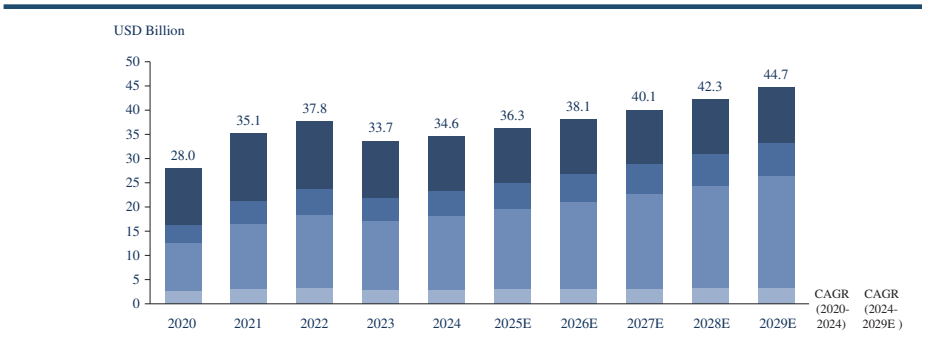
Market Size of PVC Decoration Materials For Flooring (by application), Global, 2024 & 2029E



Source: Frost & Sullivan

By material, in 2020, LVT decoration materials held the highest share of the market, at approximately 41.8%. Its market size has remained relatively stable. However, leveraging their comprehensive advantages in stability, environmental friendliness, and durability, SPC decoration materials rapidly emerged as the market mainstream. By 2024, their market size had reached USD15.2 billion, accounting for 44.1% of the total market share. It is projected that by 2029, the market size of SPC decoration materials will further increase to USD23.0 billion, with a CAGR of 8.6% from 2024 to 2029. Besides, the size of EPC decoration materials market is also expected to maintain a steady growth.

Market Size of PVC Decoration Materials Industry (by material), Global, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
LVT	11.69	13.86	14.02	11.73	11.28	11.29	11.31	11.33	11.35	11.39	-0.9%	0.2%
EPC	3.84	4.90	5.37	4.90	5.19	5.48	5.80	6.16	6.56	7.01	7.8%	6.2%
SPC	9.96	13.31	15.13	14.18	15.24	16.58	18.02	19.56	21.22	23.03	11.2%	8.6%
Others	2.48	3.07	3.24	2.85	2.88	2.92	2.97	3.04	3.12	3.22	3.8%	2.2%
Total	**27.98**	**35.14**	**37.75**	**33.67**	**34.60**	**36.28**	**38.10**	**40.08**	**42.25**	**44.66**	**5.5%**	**5.2%**

Source: UNData, General Administration of Customs of the People's Republic of China, Frost & Sullivan

Market Size of Halogen-Free PETG and rPET Decoration Materials

The global market size grew from USD1.4 million in 2020 to USD16.7 million in 2024, representing a CAGR of 86.1% during the period. Looking ahead, the market size is projected to reach USD300.1 million by 2029, representing a CAGR of 78.2% for the period from 2024 to 2029.

Market Drivers and Development Trends of New Polymer Stone Plastic Decoration Composite Materials Industry

Overseas Markets

Market Drivers:

- ***Widely adopted sustainable development concepts.*** A primary challenge within the decoration materials industry in developed markets, such as Europe and North America, lies in the environmental limitations of traditional products. For instance, solid wood flooring involve significant consumption of forest resources. Evolving regulatory frameworks and sustainability standards are increasingly compelling manufacturers to reduce dependence on such non-renewable resources. Concurrently, a strong and growing consumer preference for decoration materials that are environmentally sustainable, healthier, and ethically sourced is reshaping market demand. New polymer stone plastic decoration composite materials are significant beneficiaries of this trend, as their core attributes — including resource efficiency, durability, and lower lifecycle environmental impact.

- ***High labor costs in developed markets.*** These factors create strong demand for materials with high installation efficiency and low maintenance requirements. Labor costs are high in Europe and North America, while the easy installation methods commonly used for

new polymer stone plastic decoration composite materials significantly improve installation efficiency compared to traditional processes. This "rapid delivery" capability aligns with the demands of the residential and commercial fitout markets in Europe and North America.

Development Trends:

- ***Accelerating substitution of traditional decoration materials.*** New polymer stone plastic decoration composite materials are accelerating the replacement of traditional decoration materials. This substitution is driven by their integrated value proposition, which combines multiple compelling advantages: environmental sustainability and recyclability, diverse aesthetic designs, costs effectiveness, quick and simple installation, and ease of maintenance. This trend is further reinforced by the continuous iteration of product technologies, coupled with the rising awareness and preference among end-users for such advanced materials. Consequently, the pace of this substitution trend is expected to accelerate further in the foreseeable future.

- ***Expansion of application scenarios.*** This expansion occurs along two primary dimensions. First, the application of these materials is extending from flooring to wall panels and various cabinetry components, including kitchen cabinets, wardrobes, and bay window surrounds. Second, their properties are driving adoption in public and institutional spaces with specific performance requirements, such as schools, nursing homes, and hospitals, where they are increasingly used for interior decoration and protective surfacing.

Domestic Market

- ***Policy support for green buildings.*** According to national plans, by 2025, all new urban buildings are required to fully comply with green building standards. Such policies, along with heightened consumer attention to environmental and health considerations, directly drive significant demand for green, low-carbon, and recyclable building materials. New polymer stone plastic decoration composite materials exhibit lower energy consumption during production.

- ***Stock housing market upgrade and renovation.*** During the "14th Five-Year Plan" period, China plans to renovate over 200,000 urban old residential communities. In renovation projects, these materials can be installed directly over existing surfaces without demolition. Therefore, the characteristics of these materials, such as rapid installation, immediate occupancy upon completion, and outstanding physical properties, effectively address the challenges of traditional renovation projects, such as long construction periods, significant construction waste and high disruption to residents' lives. Consequently, they are increasingly being included in the recommended material lists for local renovation projects.

Raw Materials and Cost Analysis of New Polymer Stone Plastic Decoration Composite Materials

The cost of PVC raw materials rose steadily from 2020 to 2021, reaching a notable short-term peak in late 2021. Entering 2022, PVC costs retreated and, from 2023 to 2025, remained within a relatively stable range with only mild fluctuations. The fluctuations in PVC costs are typically driven by upstream petrochemical feedstock and energy price dynamics, as well as supply-demand adjustments and inventory cycles. In 2026, geopolitical instability may give rise to rising crude oil prices, which could in turn exert upward pressure on PVC raw material costs.

COMPETITIVE LANDSCAPE OF GLOBAL PVC DECORATION MATERIALS MARKET

Ranking and Market Share of PVC Decoration Materials Market

Developed markets such as Europe and the United States have limited domestic production capacity for PVC decoration materials and rely heavily on imports. China is the world's leading exporter in this sector, accounting for approximately 45% of global export value in 2025. Based on the export value of PVC decoration materials from Chinese Mainland in 2025, the Company ranked first among all suppliers, with an export value of USD262.5 million and a market share of approximately 6.1%.

Based on the export value of PVC decoration materials exported to Europe in 2025, the Company ranked first among all Chinese suppliers, with an export value of USD253.3 million and a market share of approximately 14.5%.

Ranking of PVC Decoration Materials Suppliers, by Total Export Value from Chinese Mainland, 2025

Supplier Name	Export Value (USD Million)	Market Share
The Company	**262.5**	**6.1%**
Company A	165.9	3.9%
Company B	142.8	3.3%
Company C	129.5	3.0%
Company D	105.0	2.5%
Others	3,471.5	81.2%
Total	**4,277.3**	**100.0%**

Ranking of Chinese PVC Decoration Materials Suppliers[1], by Total Export Value to Europe[2], 2025

Supplier Name	Export Value (USD Million)	Market Share
The Company	**253.3**	**14.5%**
Company A	144.5	8.3%
Company E	91.0	5.2%
Company D	63.0	3.6%
Company C	53.5	3.1%
Others	1,141.3	65.3%
Total	**1,746.5**	**100.0%**

Source: Interviews with Industry Experts, Frost & Sullivan

Notes:

1) Chinese PVC decoration materials suppliers refer to suppliers headquartered in Chinese Mainland, including domestic and overseas production facilities.

2) "Export Value to Europe" refers to the total FOB value of all goods exported to Europe (including the EU, the UK, and all other European countries) from outside the region. It excludes intra-regional trade between European countries.

3) Company A was founded in 2006 and is headquartered in Jiaxing, Zhejiang, primarily engaged in the R&D and manufacturing of flooring products such as solid wood flooring, laminate flooring and SPC stone plastic composite flooring, as well as related decorative materials.

Company B was founded in 2003 and is headquartered in Danyang, Jiangsu, mainly focuses on floor manufacturing, wooden door production, full-house customization services, and the development and sale of new flooring materials.

Company C was founded in 2019 and is headquartered in Changzhou, Jiangsu, primarily engaged in the R&D and manufacturing of flooring products such as PVC flooring and wood flooring, as well as related decorative materials.

Company D was founded in 1995 and is headquartered in Taizhou, Jiangsu, mainly focus on the R&D and production of PVC flooring, PVC building materials and other related products.

Company E was founded in 2013 and is headquartered in Jiaxing, Zhejiang; it is listed on the Shenzhen Stock Exchange, and primarily focuses on R&D and production of PVC floor.

4) In the 2025 ranking, an exchange rate of RMB 7.1429 to USD 1.0 was applied.

Entry Barriers of New Polymer Stone Plastic Decoration Composite Materials Industry

- ***Technological Barriers***. New polymer stone plastic decoration composite materials are required to meet multiple performance standards, including wear resistance, scratch resistance, flame retardancy, environmental friendliness, dimensional stability, and visual aesthetics. Product development involves formulation design, process control, and various tests such as accelerated aging, flame resistance, and VOC emission testing. Furthermore, capabilities in aesthetic pattern design and embossing technology require long-term experience and artistic accumulation.

- ***Globalized Service Network Barriers.*** The sale of new polymer stone plastic decoration composite materials involves a full-chain service spanning product selection, measurement, delivery, installation, and after-sales support. Leading enterprises have typically established extensive localised sales teams, regional warehousing networks, and after-sales service systems in their core markets. The development of a localised network requires long-term channel accumulation, customer relationship building, and territory-specific operational experience, and entails substantial investment in personnel recruitment, training, and infrastructure. Even where new entrants possess competitive products, they are unlikely to be able to replicate an established service network within a short period of time, resulting in material gaps in customer response time, delivery efficiency, and after-sales support.

- ***Scalable Global Operations Barriers***. The industry presents a significant barrier in the form of achieving scalable global production. Economies of scale can significantly reduce unit production costs, while small- and medium-scale producers generally lack cost advantages. Therefore, new entrants must possess strong financial resources and capabilities to achieve economically viable production during the initial stage.

- ***Quality Stability Barriers.*** The manufacturing of these materials involves multiple intricate processes, where production techniques are decisive for the consistency of product quality and performance. Only through long-term practice and accumulated experience can a manufacturer maintain a consistently high product yield rate. Moreover, as new materials and technologies evolve rapidly, companies must also possess robust R&D capabilities to continuously master advanced processes, thereby steadily improving product quality and reliability.

- ***Talent Barriers***. The industry relies heavily on professionals with cross-disciplinary expertise. Effective competition in the global market necessitates talent with international perspectives in marketing, brand management, supply chain operations, and strategic planning. Building, integrating, and retaining such a comprehensive team requires significant time, financial investment, and organizational capability.