OUR MISSION

To develop innovative low-carbon materials and serve global customers in a more sustainable future.

OUR VISION

To become a global leader in advanced sustainable materials through digital innovation and operational efficiency.

OVERVIEW

Who We Are

We are an industry-leading provider of new polymer stone plastic decoration composite materials, specializing in research and development, manufacturing and sales of green and sustainable multi-use decoration panel products. Our products mainly include new polymer stone plastic decoration composite flooring and wall panels, which are widely used in residential, commercial and public spaces. Meanwhile, we have been continuously exploring applications of new polymer stone plastic decoration composite materials in other fields.

We are committed to upgrading traditional decoration materials by prioritizing aesthetic appeal, product safety, environmental sustainability, and reliable performance. Driven by technological innovation, we have integrated automation and digitalization across our entire business processes. We strive for a global business presence and our products have reached more than 60 countries and regions worldwide, enabling us to serve a broad international customer base. The following sets forth our key business highlights:

Ranked No. 1 in total export value from Chinese Mainland

Based on total export value from Chinese Mainland in 2025, the Company ranked first among all suppliers in the PVC decoration materials market

Ranked No. 1 in total export value to Europe

Based on total export value to Europe in 2025, the Company ranked first among all Chinese suppliers[1] in the PVC decoration materials market

Extensive international footprint across Europe, North America, and beyond

Key markets include Germany, France, the Netherlands, the United States, the United Kingdom, and Switzerland.

Premium quality serving top-tier customers

A major supplier for Europe, serving eight out of top ten European home improvement retail groups[2]

Industry-first technologies with continuous product innovation

Pioneered digital printing, excimer and fully halogen-free PETG flooring technologies, launching an average of 300+ new self-developed flooring products and 100+ new self-developed wall panel products annually

Global supply chain layout

China + Southeast Asia + Europe, with annual production capacity of tens of millions square meters

Recognized with prestigious industry honors for consecutive years

Top Ten Brands in Resilient Flooring Industry, Leading Brand in the Wall Panel Industry, German iF Product Design Award, Zhejiang Export Famous Brand

Sustained business growth

Revenue CAGR of 20.2% from 2023 to 2025; SPC Revenue CAGR of 17.9% from 2023 to 2025

Pioneer of green sustainability

Reducing carbon emissions in the production of SPC products, compared to traditional ceramic tiles

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1. Chinese suppliers refer to suppliers headquartered in Chinese Mainland, including both domestic and overseas production facilities.

2. This refers to the top ten home improvement retail groups in Europe in terms of retail sales value in 2025.

Our Market Position

Our business has been globally oriented since our establishment. We are a major supplier for Europe, serving eight out of the top ten European home improvement retail groups, and our products have been available in more than 60 countries and regions worldwide, including Germany, France, the Netherlands, the United States, the United Kingdom, and Switzerland. According to Frost & Sullivan, Chinese Mainland is the world's leading exporter in the PVC decoration materials market, accounting for approximately 45% of global export value in 2025. We ranked first among all suppliers in terms of total export value from Chinese Mainland in the PVC decoration materials market in 2025, and ranked first among all Chinese suppliers[1] in terms of total export value to Europe in the PVC decoration materials market in 2025. In addition, as of the Latest Practicable Date, we have received multiple industry recognitions on an annual basis, including "Top Ten Brands in the Resilient Flooring Industry in China" since 2018, "Leading Brand in the Wall Panel Industry in China" since 2022, and "Zhejiang Export Brand" since 2018.

Our Products

Throughout fifteen years of development, we have continuously focused on addressing the distinct needs of consumers and driving product R&D innovation, and have achieved several rounds of product iterations and formed four major product lines: (i) SPC flooring and wall panels, (ii) LVT flooring panels and (iii) EPC flooring and wall panels, along with (iv) other innovative products including PETG flooring panels.

Our products provide distinct functional advantages over traditional decoration materials, including naturalistic aesthetics, fire resistance, antibacterial properties, low carbon and formaldehyde-free composition, sound insulation, wear resistance, pest and mold resistance, and ease of installation. Our diverse product portfolio is suitable for a wide range of residential, commercial, and public spaces, including homes, hotels, shopping malls, office buildings, schools, libraries and eldercare facilities. With a broad selection of colors, patterns, and embossing, our products are designed to meet customers' various customized preferences. As of December 31, 2025, we offered over 3,100 models of flooring products and 600 models of wall panel products. During the Track Record Period, we have introduced an average of over 300 new self-developed models of flooring products and over 100 new self-developed models of wall panel products each year, all of which are exclusively customized by our in-house design team.

We were among the first in the industry to adopt digital printing technology, allowing our products to more closely replicate the appearance and texture of natural materials, thereby enhancing the overall customer experience. We were also one of the early movers in introducing halogen-free PETG flooring products, which do not release toxic substances during combustion, further improving product safety. In addition, we were one of the first companies to obtain Global Recycled Standard ("GRS") certificates, the Scientific Certification Systems ("SCS") Global Services, the Blue Angel ecolabel ("Blue Angel"), and the Environmental Product Declaration ("EPD") in compliance with EU requirements, facilitating the use of recycled PVC materials in decoration and renovation panels.

[1] Chinese suppliers refer to suppliers headquartered in Chinese Mainland, including both domestic and overseas production facilities.

Our Growth Opportunity

We will continue to consolidate our core European market while further expanding our penetration in other regions. While maintaining and strengthening our leading market position in Europe, we plan to accelerate our expansion in North America and emerging markets, targeting mainstream sales channels in the United States and simultaneously expanding to markets such as South America, Australia, and Southeast Asia to build a globally balanced footprint.

Our overseas wall panel business is expected to become a key driver of our second growth curve. Our wall panels serve as a superior, cost-effective alternative to traditional tiles, stone, and natural wood. We will further apply digital printing technology in wall panels to introduce differentiated designs and surface textures, creating unique decorative patterns distinctive to our brand. In addition, we will strengthen intellectual property coverage in wall panel formulations, installation processes, manufacturing techniques, and proprietary designs. Our goal is to develop wall panels into a second principal product line alongside our flooring business. We will intensify the promotion of our wall panel products abroad, expand our existing product portfolio, and tailor offerings to diverse scenarios, including bathrooms, kitchens, living rooms, and commercial spaces such as office buildings and shopping malls, with the aim of becoming a global leader in the wall panel market.

China will become our strategic market focus driven by government-led urban renovation initiatives. In 2025, the renovation market for existing residential properties accounted for approximately 65% of the total home improvement market in Chinese Mainland, underpinned by the large-scale government initiative for the renovation of old urban residential communities as well as growing demand of residential, commercial and public space sectors. Our quick-installation solutions reduce construction periods, minimize disruption and enable faster project delivery. Leveraging the opportunities presented by the government initiative for renovation of old urban residential communities, we will promote our domestic "Zero Wood Intelligent Manufacturing (零木智造)" brand to address the upgrading and improvement needs of our domestic customer base.

Our Financial Performance

We have achieved solid financial performance during the Track Record Period. Our total revenue increased by 38.9% from RMB1,597.8 million in 2023 to RMB2,219.4 million in 2024, and further increased by 3.9% to RMB2,306.7 million in 2025.

Our net profit increased by 46.5% from RMB229.8 million in 2023 to RMB336.7 million in 2024, and further increased by 7.1% to RMB360.5 million in 2025.

Our Commitment to Sustainable Development

Guided by our mission of developing innovative low-carbon materials and serving global customers in a more sustainable future, we have established a globalized production footprint supported by stringent international environmental certification standards. This enables us to set an industry benchmark that balances supply chain resilience with environmental sustainability.

Our products have obtained a number of internationally recognized certifications and comply with widely adopted technical standards, including FloorScore certification for indoor air quality in the United States, compliance with the American Society for Testing and Materials International standards, CE Marking in accordance with applicable EU regulatory requirements, joint indoor product health and quality certification by TÜV Germany and France's indoor air quality A+ rating. These certifications and compliance exceed the quality requirements for PVC flooring under EU standard EN-ISO-10582. In addition, we have worked with leading global third-party certification bodies to obtain Health Product Declarations and Environmental Product Declarations, through which we publicly disclose the raw materials used in our production processes and the environmental impacts associated with our products.

Compared with traditional ceramic materials, the production of one square meter of our new polymer stone plastic decoration composite materials reduces much more carbon emissions.

OUR STRENGTHS

Our established leading position in the new polymer stone plastic decoration composite materials market

As an industry-leading provider of new polymer stone plastic decoration composite materials, we have established a strong competitive position in the international market, supported by our global footprint, continuous innovation and commitment to green and circular development. According to Frost & Sullivan, Chinese Mainland is the world's leading exporter in the PVC decoration materials market, accounting for approximately 45% of global export value in 2025, and we ranked first among all suppliers in terms of total export value from Chinese Mainland in the PVC decoration materials market in 2025. Europe represents one of the most important markets globally for our products and is also a key strategic market for our business development. According to Frost & Sullivan, we ranked first among all Chinese suppliers[1] in terms of total export value to Europe in the PVC decoration materials market in 2025.

[1] Chinese suppliers refer to suppliers headquartered in Chinese Mainland, including both domestic and overseas production facilities.

Our leading position is supported by a combination of our business scale, product performance and global market penetration. We have built a broad product portfolio that integrates functional performance, aesthetic design and installation efficiency, enabling substitution for traditional materials for application scenarios across residential, commercial and public spaces. Supported by our manufacturing footprint in China and Thailand and our planned expansion into Europe, we have established scalable production capacity and stable supply capabilities to serve global customers. We have also established a broad and diversified customer base comprising retailers, brand owners and industrial customers across the global market.

Our long-standing relationship with high-quality major customers

We are committed to establishing long-term, trust-based strategic partnerships with our major customers. Our major customers include a number of internationally well-known industry leaders. We are a major supplier for Europe, serving eight out of the top ten European home improvement retail groups in terms of sales value in 2025. Customer A, one of the largest home improvement retailers in Europe, which has been cooperating with us since 2014, accounted for 20.1%, 19.0% and 14.9% of our total revenue in 2023, 2024, and 2025, respectively. Customer B, one of the largest home improvement retailers in Germany, which has worked with us since 2018, accounted for 10.9%, 10.5% and 12.7% of our total revenue in 2023, 2024, and 2025, respectively. Customer C, one of the largest flooring brand owners in the Netherlands, which has collaborated with us since 2014, accounted for 6.3%, 6.0% and 5.1% of our total revenue in 2023, 2024, and 2025, respectively. Customer E, one of the largest flooring brand owners in the Netherlands, which has collaborated with us since 2018, accounted for 4.0% and 4.5% of our total revenue in 2023 and 2024, respectively. We have maintained long-term and stable cooperative relationships with our major customers and have become one of their major suppliers. Over the past five years, our retention rate for our top 30% customers has reached 100%, significantly higher than the industry average, according to Frost & Sullivan. The high level of mutual trust and recognition between us and our major customers provides a strong foundation for our long-term, sustainable and steady growth.

Our strong technological innovation capabilities and continuous expansion into new application areas

We have established a multi-tier research and development framework that is enterprise-led, demand-oriented and deeply integrated with industry, academia and research institutions. Within this framework, our technology research and development center at the Group headquarters focuses on rapid product development to meet customer needs. Our research institute in Shanghai undertakes forward-looking technology exploration and technical reserves, while our product development center is responsible for end-to-end product development execution. As of December 31, 2025, we employed 126 research and development personnel. Our core research personnel generally possess more than 10 years of industry experience. Since 2022, our laboratories have obtained accreditation from the China National Accreditation Service for Conformity Assessment for three consecutive years. In addition, we actively collaborate with leading domestic universities to carry out joint research on new technologies, continuously exploring the application of new polymer composite materials in the decoration materials sector.

We were among the first in the industry to introduce digital printing technology and excimer technology, and we were an early mover in launching fully halogen-free PETG flooring products. We are one of the leading companies to obtain GRS certifications from SCS Global Services. As of December 31, 2025, we owned more than 72 core technologies related to stone plastic composite materials and obtained over 115 registered patents globally, including 45 invention patents. As of December 31, 2025, we offered over 3,100 models of flooring products and 600 models of wall panel products. During the Track Record Period, we have introduced an average of over 300 new self-developed models of flooring products and over 100 new self-developed models of wall panel products each year, all of which are exclusively customized by our in-house design team. We also actively participate in the formulation of one national standard and six group standards, further reinforcing our technological leadership in the industry.

We continue to invest in R&D innovation to expand the application of polymer composite materials into new fields. We have developed a high-performance polymer alloy thermoplastic panel project for use in domestically manufactured large aircrafts, with products achieving industry-leading performance in impact resistance, mechanical strength and flame retardancy. This project has received special funding support under Zhejiang Province's "Pioneer Plan." In addition, we were among the first in the industry to launch flame-retardant, low-smoke flooring products that meet marine application requirements. Looking ahead, we plan to continue expanding our product deployment in aviation, high-speed rail and urban rail transit, and marine applications, while exploring additional application scenarios to diversify our business directions and broaden our revenue growth drivers.

Our well-established global supply chain

We adhere to a "service-centric, prompt response" principle and have proactively established a production and warehousing network covering China, Southeast Asia and Europe, and extending globally, ensuring supply stability, agile delivery, and cost optimization. Our supply chain is anchored by our production base at our headquarters in Tongxiang, Zhejiang, China, the strategic production hub in Thailand, the sales team and warehouses in Germany established in 2014. We plan to further establish a localized manufacturing facility in Europe and set up forward warehouses in the United States. This network forms an efficient supply chain spanning Asia and other key global markets reducing the reliance on a single production region.

Our core manufacturing base in Tongxiang, Zhejiang, China, comprises four modern factories with a gross floor area of approximately 262.9 thousand square meters with an annual production capacity of 51 million square meters in 2025. Located in the heart of the Yangtze River Delta, the base benefits from highly convenient transportation, approximately two hours from both Shanghai Port and Ningbo Port, providing strong logistical advantages to efficiently serve both domestic and global markets.

Our Thailand production base is located in Chonburi Province, the core of Thailand's Eastern Economic Corridor. The current Thailand production base covers a land area of approximately 89,700 square meters with an annual production capacity of 15.0 million square meters in 2025, while the expansion plan on the current production base is to add an annual production capacity of 12.0 million square meters. This production base is within proximity to Laem Chabang Deepwater Port and Suvarnabhumi International Airport, serving as a key strategic hub for North America, Europe, and other overseas markets while benefiting from regional free trade agreements.

We have established an overseas forward warehouse of a gross floor area of approximately 17,215 square meters in Germany. We have also established a localized sales and service team in Germany to serve the European market and have complemented this presence with overseas warehousing capabilities. Under this model, we provide customers with 24-hour rapid response services, with product delivery timelines of typically no more than 15 days, significantly enhancing communication efficiency and delivery performance. This has strengthened customer engagement and cooperation while reinforcing our global sales network and market presence.

We invest approximately RMB62.6 million annually on average in production line automation upgrades. By the end of 2024, we have completed the construction for an intelligent warehouse of a gross floor area of total approximately 64,131 square meters, improving outbound efficiency by approximately 67%. Currently, approximately 50% of our orders are produced through fully automated production lines. This significantly reduces quality fluctuations caused by human intervention, achieving both efficiency and quality improvement, laying a solid foundation for the automated manufacturing facility. By seamlessly integrating a global manufacturing footprint with cutting-edge digital and automated capabilities, we have forged a future-ready supply chain that consistently drives operational excellence, ensures superior product quality, and underpins our sustainable long-term growth.

Strong product performance, broad application scenarios and cost efficiency

Compared with traditional decoration and renovation materials, our products offer advantages including environmental friendliness, antibacterial properties, low-carbon and recyclable characteristics, ease of installation, sound insulation and noise reduction, fire resistance, high impact resistance, abrasion and scratch resistance, water and slip resistance, resistance to insects and mold, dimensional stability and compatibility with underfloor heating systems. As a result, our products exhibit strong substitutability for traditional materials such as wooden flooring, stone and ceramic tiles in both flooring and wall panel applications.

Our products are widely used in residential, commercial and public spaces. In residential settings, our products align well with homeowners' requirements for aesthetics and quality, and are therefore commonly applied across various household areas, including bedrooms, bathrooms, kitchens, living rooms and staircases, covering both flooring and wall applications. In commercial applications, our products are widely used for interior flooring and walls in various commercial buildings, leveraging their ease of set-up, which enables quick installation and frequent reconfiguration, and therefore significantly reduces labor and time costs. In public facilities, our products offer health-oriented, quiet, comfortable and slip-resistant characteristics, making them suitable for high-traffic environments such as sports venues, hospitals, libraries and schools. Their environmentally friendly attributes are particularly well-suited for settings with stringent health and formaldehyde-free requirements, including schools, hospitals and elderly care institutions.

Our products generally offer more favorable cost-effectiveness compared to solid wood flooring and ceramic tiles of comparable quality, both in terms of the products themselves and installation costs. In terms of installation, ceramic tiles typically require complex cement mortar laying and grouting processes, while wooden flooring requires additional moisture-proof layers and keels. In contrast, our products predominantly adopt a click-lock installation system, which enables easy self-installation and significantly shortens installation time and reduces labor costs. These advantages are particularly pronounced in Europe and North America, where labor costs are relatively higher.

Our strong commitment to environmental, social and governance principles

We actively implement environmental, social, and governance ("ESG") responsibilities, integrating green principles into our supply chain and product innovation, and are committed to sustainable development through green factory initiatives.

We are actively establishing a comprehensive system for the recycling and reuse of materials, specifically focusing on the reclamation and utilization of flooring and wall panels to achieve product circularity and mitigate the adverse environmental impact of materials. Concurrently, we are diligently exploring the application of recyclable materials to produce lower-carbon and environmentally friendly and recycled PVC products. Our ongoing research into novel low-carbon material technologies is aimed at introducing "net-zero carbon" products to address diverse customer requirements. Furthermore, we are investing in the research and development of biodegradable materials. By utilizing biodegradable polymer composites as base materials for our products, we aim to provide sustainable solutions that address end-of-life disposal challenges and introduce an innovative sustainability concept to the industry.

We target "resource efficiency and environmental friendliness" and have established a multi-dimensional green production system. In production optimization, clean production audits are fully implemented, and process innovation and raw material optimization reduce pollutants at the source, with emissions in key production processes much lower than industry averages.

We have obtained energy management system certification and established a three-tier "company-department-team" energy control mechanism, enabling real-time monitoring and precise energy management. High-energy-consuming motors have been replaced with high-efficiency equipment, improving production energy efficiency significantly compared with pre-upgrade levels. Energy consumption per unit of output remains better than advanced industry benchmarks, laying a solid foundation for green transformation.

Our visionary management team with international perspective and our strong human resource management

Our strong performance and leading market position are driven by the forward-looking strategic vision, exceptional leadership, and outstanding execution capabilities of our management team. Under the leadership of Mr. Dai Huibin, the chairman of the Board, the chief executive officer and executive Director of our Company, our management team has built a strong track record of identifying and capitalizing on market opportunities, in particular within the European market, where we have established long-term and stable business relationships with a number of internationally recognized customers and industry participants. Our management team has also maintained a consistent focus on product innovation and proprietary product development to address the evolving and diversified requirements of our customers. Core members of our management team possess extensive experience in new materials and exhibit outstanding managerial capabilities.

We have established a global recruitment framework that complies with employee hiring and employment requirements across different jurisdictions. We adhere to applicable local labor and employment laws to ensure compliant operations in all regions where we operate. At the same time, we promote and facilitate cultural integration within our cross-border teams, supporting our business units in building effective mechanisms for cross-regional resource coordination and communication. Leveraging AI-enabled and digitalized human resources management tools, we enhance the internationalization of talent management within our management team and strengthen our capabilities in managing a globally diversified workforce.

OUR STRATEGIES

Strengthen international presence and accelerate growth in key products

We will continue to strengthen our core presence in Europe, leveraging our established local sales team and regional warehouse network in Germany to further increase market penetration and further extend our market reach by establishing our future production base in Hungary. At the same time, we will accelerate our expansion in North America and emerging markets by replicating the successful localized operation model established in Europe. We have built a local service team in Atlanta, the United States, and plan to build our U.S. warehouse to further increase our market share in the United States and facilitate a rapid entry into mainstream channels, while simultaneously extending our reach to our domestic market in Chinese Mainland to achieve a globally balanced presence.

In the domestic market, we will uphold our "Quality Housing" philosophy and leverage our "Zero Wood Intelligent Manufacturing (零木智造)" brand. This approach will enable us to capitalize on urban renewal and existing housing renovation policies, specifically addressing the demands for upgrading aging residential stock.

Expand product portfolio and strengthen new product development

Building on our existing product lines and in response to the increasingly diverse application scenarios, we plan to expand the scope of our products and enhance overall cost-performance, leveraging advanced high-speed digital printing technology to achieve realistic design effects. We aim to further enrich our product variety and enhance product performance to better meet market demand, with particular focus on wall panels, recyclable materials, outdoor products, and aviation and rail transit applications.

Our wall panels serve as a superior, cost-effective alternative to traditional tiles, stone, and natural wood. We will intensify the development of wall panel products by increasing R&D investment to advance the wall panel system toward lighter weight, easier installation, noise reduction, and low-carbon recycling. We will further apply digital printing technology in wall panels to introduce differentiated designs and surface textures, creating unique decorative patterns distinctive to our brand. We will also strengthen patent coverage in formulations, installation processes, and other technical areas, enriching our existing product matrix. We will expand the optimization and promotion of recycled PVC and future rPET products, with the intention of developing them into a significant part of our business. We will establish a full-cycle production system for recycled PVC and rPET materials, ensuring minimal carbon emissions for all recycled products. We will enhance the development and production of outdoor products, including outdoor flooring, wall panels, handrails, and grating systems, aiming for steady growth in revenue from our outdoor product line. We will establish dedicated research institute projects to optimize our products for aviation and rail transit applications, aiming to meet the relevant testing and certification requirements across multiple use cases.

Continue to invest in emerging technologies to enhance R&D and innovation

In response to industry development trends and evolving customer needs, we continue to invest in multiple emerging technology areas to reinforce our foundation of research and innovation.

In the field of green and low-carbon materials, we are actively exploring the use of recycled and biodegradable polymer composites in new polymer stone plastic decoration flooring, including recyclable products and biodegradable materials such as polylactic acid and polybutylene adipate terephthalate. These efforts aim to address end-of-life disposal challenges, reduce environmental impact, and support the development of "net-zero carbon" products to meet evolving customer and sustainability needs.

To meet customer demands for easy installation, product safety, usage durability, and comfort, we are developing technologies in porous sound-absorbing materials, flame-retardant and smoke-suppressing materials, polymer micro-expansion techniques, and high-hardness coatings. These innovations aim to enhance product performance in noise reduction, fire resistance, light weight, scratch and wear resistance. This not only improves user experience and strengthens customer loyalty but also expands application scenarios for SPC products, opening new markets and supporting business growth. In terms of product aesthetics, we continue to explore the potential of digital printing technology. This enhances the realism, refinement, and variety of our designs, providing customers with a unique aesthetic experience and promoting the replacement of traditional flooring materials such as wood and ceramic tiles.

At the beginning of 2025, we established a research institute in Shanghai, focusing on recyclable, biodegradable and functional polymer composites. The institute is staffed by experienced R&D teams and equipped with world-class analytical instruments, enabling in-depth analysis of material properties. It also serves as a platform for industry-academia collaboration in the future, establishing a full-chain innovation system from "frontier exploration — technology development — industrial enablement" to support our sustainable growth.

Establish an integrated global supply network with intelligent and sustainable manufacturing

Amid the accelerated global transition of manufacturing toward intelligence and flexibility, we focus on building an end-to-end intelligent supply system through a global footprint. By leveraging our coordinated network across China, Thailand, and Europe, we achieve deep alignment between customer demand and regional markets.

We aspire to become an industry leader in intelligent manufacturing and intend to continue increasing our investments in digitalization and automation, with a view to establish a more automated manufacturing facility within five years. Our strategy is underpinned by an AI-driven manufacturing cloud platform, which integrates key data across orders, capacity, and logistics. This comprehensive integration, encompassing ERP, MES, and WMS systems across all three of our bases, enables intelligent end-to-end process monitoring and optimization. Through advanced AI algorithms, we analyze regional orders, production capacity, and logistics cycles to automatically generate optimized production plans. This strategic framework not only enhances our delivery efficiency in major European and American markets but also establishes our core competitiveness in 'capacity deployment — quality assurance — global responsiveness.' Furthermore, we are actively advancing the implementation of large AI models, with concrete plans to establish dedicated server infrastructure to support these initiatives.

In response to the accelerating global carbon neutrality agenda and the green transformation of manufacturing, we are committed to upgrading our production models through clean and zero-waste manufacturing practices, optimizing our energy structure by expanding photovoltaic capacity and exploring new energy sources with a target of substantial green energy utilization by 2035, and integrating digitalization to establish intelligent monitoring systems and foster a green supply chain with partners for coordinated carbon reduction.

Advance talent development to empower our business strategies

Our human resources strategy is closely aligned with our overall group strategy and driven by business needs. Through professional and efficient human resources management and services, we aim to empower both the organization and our employees, support the achievement of strategic objectives, and enable long-term sustainable development.

We place strong emphasis on talent development and retention, recognizing talent as a core source of our long-term competitiveness. In preparation for future growth, we focus on building a cohesive and aligned senior management team, a capable middle management team with strong execution capabilities, and professional talent with innovation-driven expertise. Our management team pursues high-quality development by balancing scale expansion with improvements in productivity and profitability on a per-employee basis, thereby supporting sustainable and efficient growth. We adopt a value creation and value sharing approach to employee incentives, aligning individual interests with the Company's overall business objectives to foster organizational cohesion and internal motivation. We adhere to the principle that higher performance targets correspond to higher rewards and provide market-competitive remuneration upon the achievement of such targets. For our core management team, we have designed incentive mechanisms linked to business performance and strategic objectives, including short-term annual performance-based incentives as well as medium- to long-term equity-based incentive schemes aligned with long-term strategic goals.

In addition, we are committed to building a positive and responsible organization that fulfills our social responsibilities and enhances our employer brand. We continuously improve our employee union framework and environmental, health and safety systems to safeguard employees' lawful rights and physical and mental well-being. Guided by our mission and vision, we strive to attract, develop and retain high-caliber professionals through competitive compensation and appropriate equity incentives, with the objective of achieving mutual growth for both the Company and its employees. We aim to provide a supportive platform for individual career development while cultivating a strong talent pipeline to support the Company's long-term growth.₽

OUR BUSINESS MODEL

We are an industry-leading provider of new polymer composite materials, specializing in the research and development, manufacturing and sales of green and sustainable multi-use flooring and wall panel products. Our products mainly include new polymer stone plastic decoration composite flooring and wall panels, which are widely used in residential, commercial and public spaces. Meanwhile, we have been continuously exploring applications of new polymer stone plastic decoration composite materials in other fields.

We design, manufacture and sell a variety of flooring and wall panel products primarily through ODM and OEM business model, catering to the diverse needs of global customers across residential, commercial and public space sectors. These models leverage our robust technical capabilities, advanced production infrastructure, and deep industry expertise to deliver customized, high-quality products, while enabling customers to strengthen their brand presence and respond efficiently to market dynamics.

Under the ODM model, we collaborate closely with customers to turn their product visions into market-ready flooring and wall panel products. Customers provide general concepts and request for product design, such as preferred color tones, patterns, dimensional needs or functional requirements. Combining these requests and our insights into industry trends, our team design and develop customized prototypes for customers' evaluation. Customers may request adjustments to refine the design. Once the final design and specifications are approved, customers place purchase orders with us. We then initiate production and package the finished products with our customers' brand or neutral packaging. The following diagram illustrates our ODM business operations.

Under the OEM model, we focus on manufacturing products strictly in line with customers' pre-defined standards. Following an internal feasibility review, we produce counter samples for customer approval prior to commencing mass production. The finished products are subsequently packaged with our customers' brand or in neutral packaging.

Leveraging on our knowledge and market resources accumulated through years of experience under the ODM and OEM model, we also offer products under our own overseas brand "Vortis", and our brand in Chinese Mainland "Zero Wood Intelligent Manufacturing (零木智造)". In 2025, we started to sell products under our overseas brand "Vortis" through a distributor in the United States, and such sale contributed less than 0.5% of our revenue in 2025. Our distributor is an independent third party and we have a principal-agent relationship pursuant to a consignment arrangement. Our revenue under this arrangement is recognized at the time of sale to end customers. We believe our distributorship arrangement is an effective way to promote our own brand and extend our market reach. There was no distributor movement recorded during the Track Record Period, as we have engaged only one distributor.

The following table sets out the principal terms of our distributorship agreement:

Product return	We generally do not accept product returns, except in respect of defective or damaged products, which we might accept at our discretion.
Warranty	We usually do not provide warranty service to end customers. The distributor bears the risk from the time of delivery until the point of sale, and is required to maintain relevant insurance.
Term	The term is for three years, and automatically renewed for one-year terms unless either party gives 60 days' prior written notice of non-renewal.
Inventory	For inventory remaining unsold for more than 180 days, the distributor may request us to repurchase or accept return of such stock, with all related costs borne by the distributor.

Payment and credit	Payment is due within 75 days of the date of sale to the end customer, and is settled on a monthly basis.
Resale price	We generally do not control the prices at which our distributors resell our products to end customers.
Minimum sales target	The distributor shall use commercially reasonable efforts to achieve a minimum annual sales target of three million square feet of our products, subject to adjustment by mutual written agreement from time to time based on market conditions.

Based on the foregoing, we believe the risk of channel stuffing is remote and we do not believe that our business relationship with our distributor will raise any concern in relation to inventory risk, channel stuffing or cannibalization. According to Frost & Sullivan, our distributorship is in line with the industry norm.

We mainly provide (i) SPC flooring and wall panels, (ii) LVT flooring panels and (iii) EPC flooring and wall panel products and (iv) other products. The following table sets forth a breakdown of our total revenue by product line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
SPC	1,155,276	72.3	1,588,908	71.6	1,604,815	69.5
LVT	352,390	22.1	481,419	21.7	488,498	21.2
EPC	56,255	3.5	110,710	5.0	177,643	7.7
Others[(1)]	33,876	2.1	38,357	1.7	35,782	1.6
Total	**1,597,797**	**100.0**	**2,219,394**	**100.0**	**2,306,738**	**100.0**

Note:

(1) Mainly include PETG flooring products as well as accessories.

The following table sets forth the sales volume and average selling prices of our major products for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	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)*
SPC . . .	18,096	63.8	25,276	62.9	25,472	63.0
LVT . . .	8,207	42.9	11,150	43.2	11,410	42.8
EPC . . .	514	109.5	926	119.5	1,572	113.0

The sales volume of our SPC flooring and wall panel products increased from 18.1 million m^2 in 2023 to 25.3 million m^2 in 2024, primarily attributable to new customer development and the introduction of 458 new models of SPC flooring and wall panel products in 2024, along with new customer development, and remained stable at 25.5 million m^2 in 2025.

The sales volume of our LVT flooring products increased from 8.2 million m^2 in 2023 to 11.2 million m^2 in 2024, primarily due to an increase of new customers particularly in the United Kingdom, and the continuous introduction of new products to our existing customer base in the Netherlands and Germany, and remained stable at 11.4 million m^2 in 2025.

The sales volume of our EPC flooring and wall panel products increased from 0.5 million m^2 in 2023 to 0.9 million m^2 in 2024, and further increased significantly to 1.6 million m^2 in 2025, primarily due to the growth in sales in Europe and North America driven by the introduction of new products to our existing customer base. The average selling price of our EPC flooring and wall panel products increased from RMB109.5 per m^2 in 2023 to RMB119.5 per m^2 in 2024 as a result of the introduction of new high-end products, and decreased to RMB113.0 per m^2 in 2025.

Based on the delivery destinations of our products requested by our customers, we export to over 60 countries and regions worldwide during the Track Record Period. The following table sets forth a breakdown of our total revenue by geographical region, based on delivery destinations of our products requested by our customers, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Europe[(1)]	1,409,722	88.2	1,879,272	84.6	1,969,032	85.3
North America	70,403	4.4	186,636	8.4	239,269	10.4
Chinese Mainland	22,245	1.4	23,358	1.1	19,655	0.9
Others[(2)]	95,427	6.0	130,128	5.9	78,782	3.4
Total	**1,597,797**	**100.0**	**2,219,394**	**100.0**	**2,306,738**	**100.0**

Notes:

(1) Mainly include Germany, France, the Netherlands, and United Kingdom.

(2) Mainly include South Africa, Australia, Chile and Brazil.

OUR PRODUCTS

We provide flooring and wall panel products made of a variety of new polymer stone plastic composites recyclable materials. We also provide flooring and wall panel accessories.

Our products are flooring and wall panel used for residential, commercial and public spaces. The materials differ in their composition, performance characteristics and intended applications. By offering multiple material categories, we are able to address a wide spectrum of customer requirements, including resistance, structural stability, acoustic performance, environmental profile, installation methods and surface design. The following table sets forth key features of our flooring and wall panel products:

	Thickness	Installation method	Main application scenarios	Halogen-free
SPC	3.2-8mm	click-lock	Residential and commercial	/
LVT	2-5mm	glued	Residential, commercial, and public	/
EPC	5-15mm	click-lock	Residential and commercial	/
PETG	2.5-6mm	click-lock or glued	Residential and commercial	halogen-free

The following diagrams illustrate the application scenarios of our products:

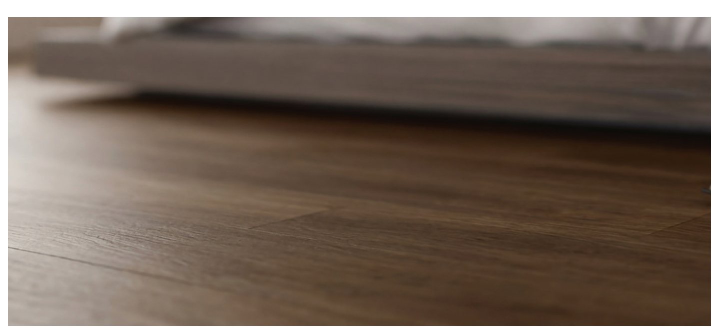


Residential Spaces – Home (SPC)


Commercial Spaces – Hotel (SPC)


Commercial Spaces – Library (LVT)


Public Spaces – School (LVT)

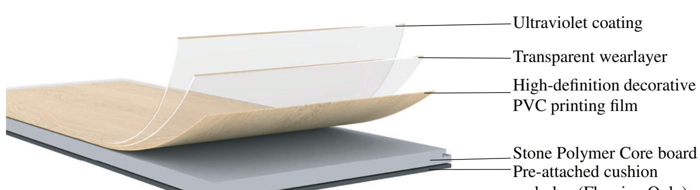
Residential Spaces – Home (EPC)

Public Spaces – Office (EPC)

Commercial Spaces – Hotel (PETG)

SPC Flooring and Wall Panel

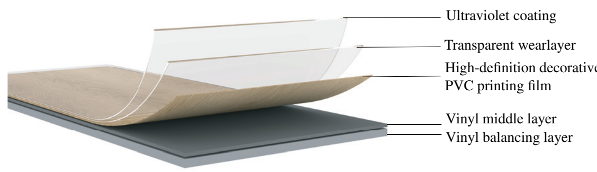
SPC is a rigid composite material made from natural calcium carbonate and polymer resin. SPC is produced through high-temperature and high-pressure processing, followed by surface lamination with high-definition printing films to reproduce surface appearances of natural wood or stone. We also utilize recycled PVC in the production of SPC. The following diagram illustrates the product construct of our SPC flooring and wall panel products:



When used under high heat, SPC flooring and wall panel products can offer higher stability, minimizing shape-shifting. SPC flooring products are typically installed through click-lock systems without adhesives, which supports efficient installation and allows for easier repositioning or adjustments in cases of installation mistakes or replacement needs. SPC wall panel products are similarly installed by direct application to the wall surface using silicone glues.

LVT Flooring

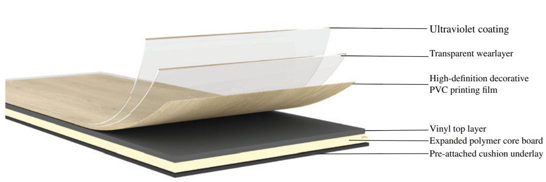
LVT flooring is a flexible vinyl-based flooring product that is composed of multiple layers of high-quality materials. It is particular suitable for both commercial and public spaces because of its soft underfoot comfort, design flexibility, long durability, and low maintenance requirements. The following diagram illustrates the product construct of our LVT flooring products:



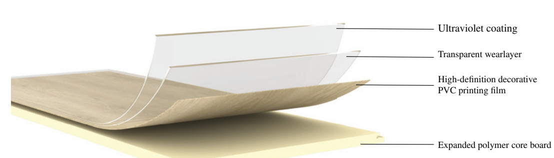
As LVT products are installed using water-based PVC flooring adhesive, they offer greater installation flexibility, including the ability to accommodate customised shapes and designs. The adhesive installation method also provides a more stable and secure bond as compared to click-lock installations, resulting in enhanced long-term durability and stability.

EPC Flooring and Wall Panel

EPC flooring and wall panel is an engineered lightweight composite product made from natural calcium carbonate, polymer resin and foaming agents, which combines an LVT surface layer, a composite core and an acoustic backing, to offer improved sound insulation and enhanced stability while maintaining the resilience typical of vinyl-based surfaces. It acts as an alternative to traditional sheet vinyl flooring due to its thicker extruded composite core that allows it to be floated over most substrates. The following diagrams illustrate the product construct of our EPC flooring and wall panel products:



(EPC flooring)

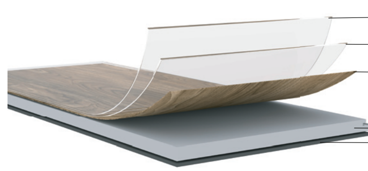


(EPC wall panel)

Compared to rigid core materials, EPC flooring generally offers a softer and more resilient underfoot feel. Its construction also allows it to accommodate minor subfloor irregularities without requiring extensive surface preparation, and it performs reliably against everyday spills and moisture. EPC flooring and wall panels are built around an expanded polymer core, which make it lightweight while providing effective sound absorption. A luxury vinyl layer is incorporated into EPC flooring construction to achieve a more realistic replication of natural hardwood or slate finishes.

PETG Flooring

PETG is a non-PVC material using polymer materials that are free of plasticizers and halogenated compounds. PETG flooring products provide durability and ease of maintenance similar to vinyl-based products, while offering higher scratch resistance compared to conventional SPC products. The development of PETG material responds to the increasing market attention on environmental considerations and represents an emerging material category within the polymer-based flooring sector. The following diagram illustrates the product construct of our PETG flooring products:



Our Design Portfolio

In addition to material composition, our flooring and wall panel products are differentiated by their pattern themes and surface embossing. Pattern themes refer to the printed decorative layer that determines the visual appeal of the product, while embossing refers to the three-dimensional texture applied to the surface, which enhances the sense of realism for the texture simulated by the surface appearance of our products.

Pattern Themes

Our major pattern themes include the Forest Series (森之風), Rock Series (岩之雅), and Cloud Series (雲之頌). The Forest Series replicates the form, color, and texture of natural wood, introducing nature-inspired aesthetics into interior spaces with visual appeal comparable to solid wood flooring. The Rock Series reproduces the color, grain and characteristics of natural stone, with precisely engineered textures that deliver an appearance comparable to stone-effect flooring. The Cloud Series represents an innovative approach to craftsmanship, offering patterns that enhance architectural spaces with originality, visual dynamism and design flexibility.

The following pictures display samples of available pattern themes of our products and their application scenarios:

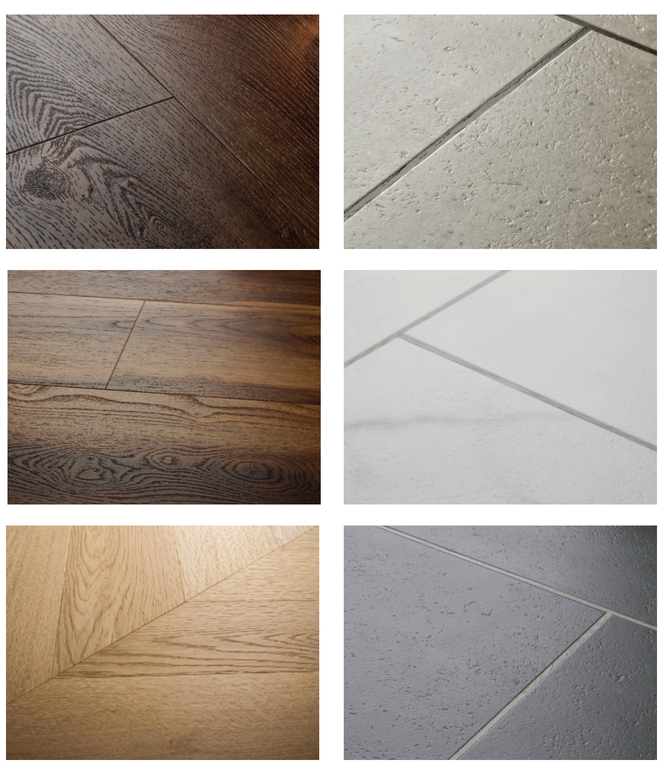
Forest Series

Rock Series

Cloud Series

Embossing

Embossing process creates three-dimensional surface textures on flooring or wall panels by pressing or forming the wear layer during production. Embossing enhances tactile authenticity and contributes to the overall aesthetic performance of our products. Different embossing types are recommended for wood-based or stone-based designs to match the visual characteristics of each pattern series. The following pictures display samples of embossing appearances for our products:



Through the combination of diverse pattern themes and appropriate embossing methods, we seek to deliver products with both visual and tactile authenticity across our SPC, LVT, EPC, and PETG product lines.

Installation Method

Our SPC, EPC and certain PETG flooring products are designed with tool-free click-lock systems to simplify installation by enabling an environmental-friendly and efficient installation process, which is particularly welcomed by DIY users in overseas markets. These systems use angle-angle and drop-lock designs to enable secure panel engagement. Our LVT products, by contrast, are installed by direct application onto the subfloor using water-based PVC flooring adhesive. Our wall panel products are similarly installed by direct application to the wall surface using silicone glue.

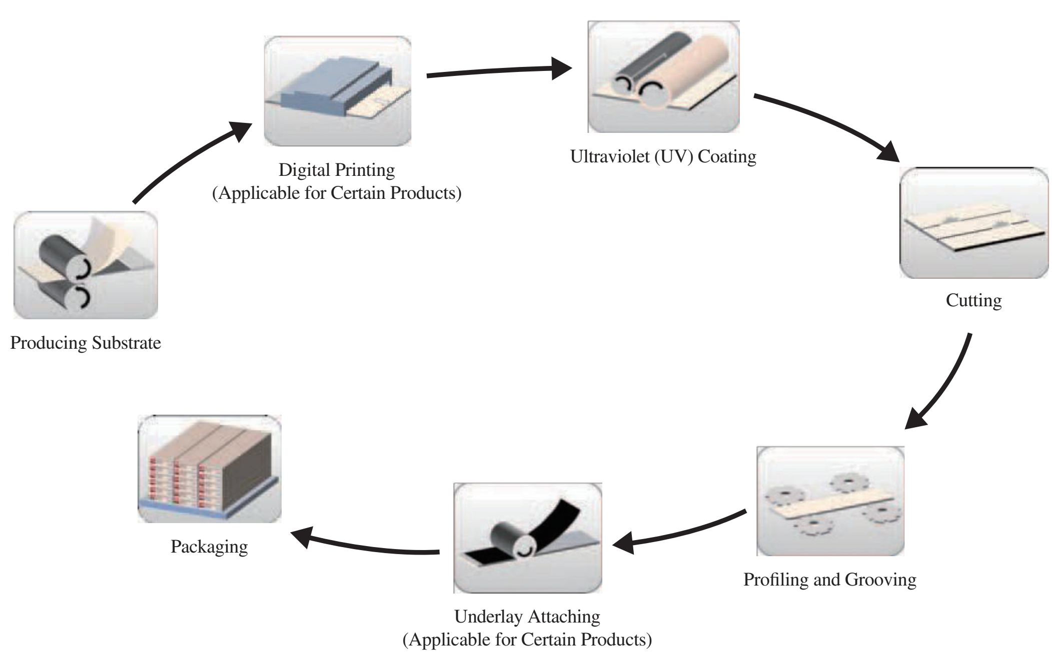
Accessories

We also provide accessories matched for our flooring and wall panel products. Our accessories, including the end caps, skirting, stair noses, reducer, T-mouldings, wall panel internal corner trims and wall panel external corner trims, among others, are made from the same recyclable materials as our flooring and wall panel products.

MANUFACTURING

Manufacturing Process and Equipment

We manufacture flooring and wall panel products through a process that involves raw material preparation, substrate formation, digital printing and surface coating, precision machining and packaging. It typically takes eight to 14 days to manufacture one sheet of our flooring or wall panel products. The diagram below illustrates the key manufacturing steps and major production equipment and machinery used for manufacturing our flooring and wall panel products:



Key manufacturing step	Major equipment and machinery used	Description of the process
Producing substrate	Substrate extruding line	Raw materials such as PVC, calcium carbonate and stabilizers are proportioned according to formulation requirements and fed into the extruding line. These materials are blended, melted and extruded under controlled temperature and pressure to create a rigid and stable core layer with required mechanical properties.
↓		
Digital printing (applicable for certain products)	Digital printing line	Extruded sheets are primed and then passed through high-definition digital printing equipment. Customized decorative patterns are applied with precision. Digital printing ensures visual accuracy, low repeatability and fast transitions between design themes.
↓		
Ultraviolet (UV) coating	UV coating line	A UV-cured coating is applied to the printed surface to provide wear resistance, stain resistance and other performance features. UV coating forms a durable protective layer suitable for long-term use.
↓		
Cutting	Sawing machines	Large-format boards are cut into smaller individual panels in accordance with relevant product specifications.
↓		
Profiling and grooving	Profiling machines	Profile milling is applied to form click-lock structures along the edges of the product to facilitate installation. Where required, V-groove effects may also be machined into the edges, which are subsequently painted to enhance the visual appeal of the product.
↓		
Underlay attaching (applicable for certain products)	Laminating line	To improve acoustic performance and walking comfort, acoustic underlays such as irradiation cross-linked polyethylene foam, ethylene-vinyl acetate foam or cork are bonded to the back of the boards. Backing materials are selected based on customer requirements for sound insulation and underfoot feel.
↓		
Packaging	Automated packaging line	Produced boards enter automated packaging lines for stacking, wrapping and palletizing. Completed pallets are then transferred to storage for subsequent shipment.

Our production lines are designed for stable output, consistent quality and efficient changeovers among product lines. Certain key stages of our production process utilize imported equipment with higher precision, which supports high-resolution image output and enables printed patterns to closely replicate both the visual appearance and surface texture of natural materials.

Manufacturing Technology

Our key technologies utilized in the manufacturing process are as follows:

- **AI-enabled visual inspection.** We use AI visual sensing systems for in-line inspection before products are packaged. The system identifies surface or dimensional defects and automatically removes non-conforming items, while qualified products are transferred to the automated packaging line. This approach supports consistent product quality, reduces manual inspection requirements and enhances production efficiency.

- **Digital printing.** We apply digital printing technology to our substrates for all our major product lines. After a white primer layer is applied through roller coating, the substrate passes through digital printing equipment to produce wood grain, stone patterns or other customized designs. After printing, different surface treatments are applied to produce variants, such as digital matte flooring, digital high-gloss flooring and digital wall panels.

- **Use of recycled materials and compliance with environmental standards.** In response to low-carbon and sustainability policies, we incorporate both pre-consumer and post-consumer recycled materials into our production processes. We have established a recycled material management system and obtained certifications of Global Recycled Standard (GRS) from the Scientific Certification Systems (SCS) Global Services. Our GRS-certified products incorporating recycled materials contain a recycled content level of no less than 51%, reflecting our commitment to material innovation and low-carbon manufacturing.

- **Specialized coatings and proprietary curing technology.** We have conducted extensive research into surface coating applications and developed a specialized coating and curing technology that utilizes a range of UV curing light sources, including LED, excimer, gallium, and xenon lamps of varying wavelengths, in combination with customized coating formulations. This technology enables us to achieve a broad spectrum of surface effects through multi-lamp curing configurations, producing scratch-resistant and antibacterial surface coatings.

Manufacturing Facilities and Production Capacity

To better serve our major geographic markets and target customers, we have established a network comprising four domestic production bases in Tongxiang, Zhejiang Province, and one production base in Thailand, with an aggregated gross floor area of approximately 280,000 m^2. The following table sets forth the production capacity, production volume and utilization rates of our production bases during the Track Record Period:

	For the year ended December 31,								
	2023			2024			2025		
	Production capacity(1)	Production volume(2)	Utilization rate	Production capacity	Production volume	Utilization rate	Production capacity	Production volume	Utilization rate
	(m^2 in thousands, except for percentages)								
China Production Bases	37,064	29,977	80.9%	49,843	45,505	91.3%	51,035	43,906	86.03%
SPC	17,523	14,581	83.2%	29,836	26,747	89.6%	30,010	24,597	81.96%
LVT	16,876	13,820	81.9%	17,024	17,015	100.0%	18,003	17,646	98.03%
EPC	2,665	1,575	59.1%	2,983	1,743	58.5%	3,022	1,663	55.03%
Thailand Production Base	–	–	–	–	–	–	15,000	2,685	17.9%

Notes:

(1) The production capacity of the period is calculated based on the number of operational days per year (300 days) and standard duration of operation per day (24 hours) of one substrate extruding line, multiplied by the number of production lines.

(2) The utilization rate of the period is calculated by dividing the production volume by the designed capacity for the same year or period.

RESEARCH AND DEVELOPMENT

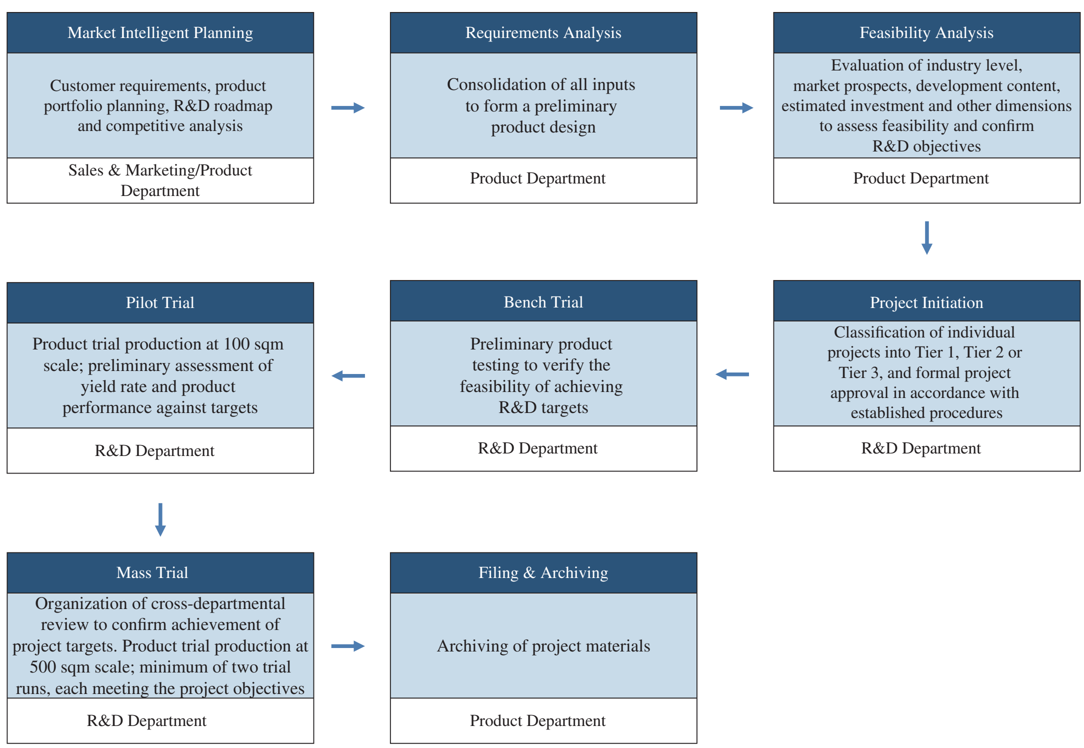
We consider our research and development capability to be one of our key competitive advantages, and we strive to augment this competitive advantage continuously. During the Track Record Period, we conducted research and development activities for enhancing the performance and quality of materials for our products, and improving the structural design of our products. We are dedicated to the continuous improvements of new polymer stone plastic decoration composite materials as alternative options from conventional materials.

Our research and development activities are mainly carried out by dedicated R&D team, which comprised 126 staff as of December 31, 2025, including material development personnel, processing and application development personnel, design personnel and product testing personnel. Additionally, our R&D team members are responsible for establishing manufacturing standards, reviewing the overall R&D process, viability verification during trial production, and compiling research results for completed R&D projects. Our R&D staff have advanced degrees, extensive experience and in-depth expertise in developing products in our industry.

In 2023, 2024 and 2025, we incurred research and development expenses of approximately RMB74.4 million, RMB85.3 million and RMB83.6 million, respectively.

Our R&D Process

From time to time, our sales and product team would propose new research and development projects based on market demand and our technological needs. Prior to taking on a research and development project, our R&D team would analyze the feasibility and estimate the costs and staff input required for the project. Such costs include but are not limited to procuring equipment and raw materials, conducting tests and providing training to our staff. In deciding whether to approve the initiation of a research and development project, our management would take into account the business development goals of the Group, feasibility of the project, expected market demands and our Group's production capacity and resources. Approved projects will proceed through trial production phases for evaluation before the research results are compiled for record keeping and utilization in future products.



Ongoing R&D Projects

We place strong emphasis on our technology development, which is critical to allowing us efficiently and effectively address the technical challenges in our industry. During the Track Record Period and up to the Latest Practicable Date, our ongoing R&D projects include the following:

Materials with Low Carbon Footprint

We are continuing to conduct formulation research to incorporate post-consumer recycled materials into our products. Products developed under this initiative are intended to meet the requirements of the Global Recycled Standard (GRS), certified by Scientific Certification Systems (SCS) Global Services, and to support a low-carbon economy in response to increasingly stringent environmental regulations worldwide.

Within the PVC flooring system, conventional plasticizers are typically petroleum-based. We are researching the use of bio-derived plasticizers in our LVT flooring products with the aim of reducing carbon intensity. In addition, we plan to extend our research to PETG flooring products to further broaden our portfolio of renewable and low-carbon materials.

Digital Printing with Advanced Decorative Features

We are advancing our technological capabilities for digital printing, including 3D printing capabilities, to enhance the range and authentic appearances of pattern designs and surface aesthetics of our flooring and wall panels. Digital printing technology allows us to print high-gloss or matte stone textures on substrates of various materials and to offer more customized visual options, while maintaining key performance properties such as water-proof and scratch resistance.

rPET Production from Recycled Materials

We are advancing the development of recycled rPET flooring products by using recycled bottle flakes as the primary resin, which are compounded with fillers and toughening modifiers to produce a substrate made entirely from recycled content. These products have gained acceptance in Europe and the United States, and we have achieved initial mass-production capability.

We are also continuing our development of halogen-free rPET materials to provide customers with an alternative to PVC flooring and wall panels. We have commenced mass production of both click-lock and non-click-lock rPET flooring products, which demonstrate competitive performance in terms of production capacity, product quality and cost efficiency.

Acoustic Flooring

We are enhancing the noise-reduction performance of our products to meet a wide range of acoustic application needs. Such efforts align with the growing market demand for higher-quality housing and improved residential comfort, which places increasing emphasis on effective acoustic performance across interior materials.

Lightweight Wall Panels

Our development of lightweight wall panels is aimed at providing end users with easier installation, improved acoustic comfort, and enhanced overall product performance. We are at the forefront of lightweight wall-panel development and have commenced mass production. Lightweight wall panels are expected to be a strong driver of our future growth.

Marine-grade Flooring Products

We are advancing the development of marine-grade flooring products that meet the technical requirements of the European Union's Marine Equipment Directive (MED), including standards relating to smoke density, smoke toxicity and flame retardancy. We have successfully developed products which met the rigorous safety standards established by the International Maritime Organization (IMO). These IMO-certified products have been commercialized in 2025 and are designed for use in marine environments, such as on vessels where higher safety and performance standards apply. Introduction of this type of products enables us to establish a competitive position in this specialized market segment.

SPC High-gloss Tiles

We are developing SPC tiles with a high-gloss surface that is comparable to the high-gloss aesthetic of conventional ceramic tiles. Through the application of specialized coatings and our proprietary coating technology, these products are designed to achieve a surface finish that is highly resistant to abrasion. This development addresses a recognized technical limitation of existing SPC flooring products, which have historically been unable to replicate the high-gloss visual effect characteristic of ceramic tiles.

R&D Collaborations

We also entered into a research collaboration project with Zhejiang University of Technology for the duration from January 2023 to December 2024 to develop high-performance polymer-alloy thermoplastic sheets for applications on domestically manufactured large aircrafts. Under this project, we funded research activities involving computer-aided simulation, structural optimization and performance enhancement of targeted materials, with the aim of achieving designs suitable for industrial-scale manufacturing. This collaboration was approved under the Zhejiang Major Provincial Science and Technology Program as a "Jianbing Project" (浙江省重大科技計劃"尖兵"項目) by the Science Technology Department of Zhejiang Province. We retain the right to file for patents generated under this collaboration.

At the beginning of 2025, we established a research institute located in Shanghai. The institute focuses on research in recyclable, biodegradable and functional polymer composite, aiming to become an industry-leading innovation platform for new materials and to drive the new polymer stone plastic decoration composite industry toward greener, multifunctional material solutions. Regarding talent development, the institute plans to form an R&D team led by PhD-level scientists and supported primarily by master's degree holders. By attracting top-tier talent, we aim to enhance our research capabilities and establish the institute as a hub for high-level expertise. In terms of laboratory infrastructure, the institute is equipped with world-class instruments, including gas chromatography–mass spectrometry, thermogravimetric analysis, Fourier transform infrared spectroscopy, and differential scanning calorimetry, enabling in-depth analysis of material properties and breakthroughs in key performance areas. The Research Institute will also serve as a platform for industry-academia collaboration, facilitating partnerships with universities and research institutes, and establishing a full-chain innovation system from "frontier exploration — technology development — industrial enablement," providing continuous innovation momentum to support our sustainable growth.

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. As of December 31, 2025, we owned 92 registered patents in China, including 22 invention patents, 50 utility model patents and 20 design patents. We also owned 23 invention patents overseas as of December 31, 2025. We have filed 38 patent applications as of the same date. We may need to seek or renew licenses related to certain aspects of our products, processes and services. We have taken the following key measures to protect our intellectual property rights, including: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (ii) managing and monitoring our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in timely manner if any potential conflicts with our intellectual property rights are identified, and (v) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements we enter into.

CUSTOMERS AND SALES AND MARKETING

Our customers mainly consist of overseas (i) retailers, which are companies mainly engaged in the sale of our products to end customers through supermarket chains or household accessory stores, and (ii) brand owners. We also sell to a limited number of project contractors that typically takes on construction projects for hotel and commercial properties.

The salient terms of agreements with our retailer customers are set out below:

Duration: .... Initially one year, subject to renewals.

Pricing: .... Prices is determined on a per-order basis.

Credit term: ...... 60-90 days from the invoice issue date.

Delivery: .... The goods are to be delivered at the agreed seaport on an FOB basis.

Termination: ...... Can be terminated by either party in case of a breach of obligation.

The salient terms of agreements with our brand-owner customers are set out below:

Duration: .... It remains valid indefinitely until terminated by either party in writing.

Pricing: .... Price is determined on a per-order basis.

Delivery: .... A deviated delivered at Place shipping term, whereby we are not responsible for freight charges.

Payment: .... Payments shall be made by commercial invoice 90 days against the vessel departure day.

Our Major Customers

In 2023, 2024 and 2025, our revenue from the five largest customers was RMB738.0 million, RMB975.3 million and RMB987.5 million, respectively, accounting for 46.0%, 44.0% and 42.7% of our total revenue in the same periods, respectively. In 2023, 2024 and 2025, our revenue from the single largest customer amounted to RMB321.8 million, RMB420.7 million and RMB343.9 million, respectively, accounting for 20.1%, 19.0% and 14.9% of our total revenue in the same periods, respectively. The following tables set forth the details of our five largest customers during the Track Record Period:

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2023							
Customer A . .	321,766	20.1	90 days after ETD	Purchasing SPC flooring and wall panels	Telegraphic transfer	2014	A global building materials retail group headquartered in France, one of the largest home improvement retailers in Europe, engaging in the retail of home improvement, DIY and decoration products.
Customer B . .	174,761	10.9	60 days after ETD	Purchasing SPC flooring	Bank transfer	2018	A German multinational building material and home improvement retail group founded in 1970, one of the largest building material retailers in Germany, engaging in the retail of home improvement, DIY and decoration products.

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
Customer C . .	101,444	6.3	60 days after ETD	Purchasing PVC flooring and wall panels	Telegraphic transfer	2014	A Dutch brand owner established in 1940 with over 80 years of history, one of the largest brand owners of flooring and wall decoration materials in the Netherlands.
Customer D . .	75,690	4.7	14 days after ETD	Purchasing SPC, EPC, LVT flooring	Bank transfer	2021	A German flooring specialist retail chain established in 2005, engaging in the retail of flooring products.
Customer E . .	64,295	4.0	90 days after ETD	Purchasing PVC flooring	Telegraphic transfer	2013	A Dutch flooring brand owner established in 1960 and one of the largest flooring brand owners in the Netherlands.
Total	**737,956**	**46.0**					

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2024							
Customer A . .	420,685	19.0	90 days after ETD	Purchasing SPC flooring and wall panels	Telegraphic transfer	2014	A global building materials retail group headquartered in France, one of the largest home improvement retailers in Europe, engaging in the retail of home improvement, DIY and decoration products.
Customer B . .	232,714	10.5	60 days after ETD	Purchasing SPC flooring	Bank transfer	2018	A German multinational building material and home improvement retail group founded in 1970, one of the largest building material retailers in Germany, engaging in the retail of home improvement, DIY and decoration products.
Customer C . .	132,208	6.0	60 days after ETD	Purchasing PVC flooring and wall panels	Telegraphic transfer	2014	A Dutch brand owner established in 1940 with over 80 years of history, one of the largest brand owners of flooring and wall decoration materials in the Netherlands.
Customer E . .	100,054	4.5	90 days after ETD	Purchasing PVC flooring	Telegraphic transfer	2018	A Dutch flooring brand owner established in 1960 and one of the largest flooring brand owners in the Netherlands.

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
Customer D	89,649	4.0	14 days after ETD	Purchasing SPC, EPC, LVT flooring	Bank transfer	2021	A German flooring specialist retail chain established in 2005, engaging in the retail of flooring products.
Total	**975,310**	**44.0**					

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2025							
Customer A	343,945	14.9	90 days after ETD	Purchasing SPC Flooring	Telegraphic transfer	2014	A global building materials retail group headquartered in France, one of the largest home improvement retailer in Europe, engaging in the retail of home improvement, DIY and decoration products.
Customer B	293,533	12.7	60 days after ETD	Purchasing SPC flooring	Bank transfer	2018	A German multinational building materials and home improvement retail group founded in 1970, one of the largest building materials retailer in Germany, engaging in the retail of home improvement, DIY and decoration products.

Customers	Revenue amount	Percentages of total revenue	Credit term	Principal business activities	Payment method	Year of commencement of business relationship	Background
	(RMB in thousands)	*(%)*					
Customer D . .	123,304	5.3	14 days after ETD	Purchasing SPC, EPC, LVT flooring	Bank transfer	2021	A German flooring specialist retail chain established in 2005, engaging in the retail of flooring products.
Customer C . .	118,189	5.1	60 days after ETD	Purchasing PVC flooring and wall panels	Telegraphic transfer	2014	A Dutch brand owner established in 1940 with over 80 years of history, one of the largest brand owners of flooring and wall decoration materials in the Netherlands.
Customer F . .	108,504	4.7	14 days after delivery	Purchasing SPC flooring	Bank transfer	2019	A leading German European DIY, home improvement, building materials and garden retail chain established in 1960 with headquarters in Germany.
Total	**987,475**	**42.7**					

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Marketing

As we build a global network to reach a wide range of customers, we have adopted a marketing strategy that leverages multiple channels to attract potential customers. We conduct customer visits from time to time to monitor evolving consumer preferences and market trends. We have a dedicated, on-the-ground sales team based in Germany, which provides us with localized industry insights and enables direct local service for our European customers. We also actively participate in various industry exhibitions and trade fairs to expand market reach and stay informed of industry development. Our participation includes BAU in Munich, a global exhibition for architecture, materials and systems; DOMOTEX in Hannover, Germany and in Shanghai, China, a leading international trade fair for floor coverings; the International Surface Event in Las Vegas, U.S., as well as the China Import and Export Fair.

As of December 31, 2025, our sales and marketing team consisted of 109 employees with extensive industry experience and in-depth expertise of our products. Our sales and marketing team comprise regional departments that manages our sales and distribution across Europe, North America, Asia Pacific and other regions. Our global marketing initiatives and reach to customers enables us to keep abreast of the market trends and customer demands.

Pricing

We aim to offer premium quality products at competitive prices. We price our products considering a variety of factors, such as our cost base, market demand, product positioning and competitive landscape. We may offer promotional prices to valued customers based on market conditions. In order to strengthen customer cooperation and promote product sales, we may also negotiate sales rebates with selected customers based on factors including sales volume and market development, and set purchase targets and other conditions. Once these conditions are met, corresponding rebates will be provided as agreed upon. Such sale rebate terms are variable considerations.

THIRD PARTY PAYMENT

Background

During the Track Record Period, certain of our Relevant Customers settled their payments with us through the Third-Party Payment Arrangements. The Third-Party Payment Arrangements primarily include settlement by entities within the same group of the Relevant Customers, affiliates, intermediaries and independent third parties. In 2023, 2024 and 2025, there were 2, 3 and 4 Relevant Customers, respectively, and the aggregate amount settled with the Relevant Customers under the Third-Party Payment Arrangements was RMB7.2 million, RMB8.2 million and RMB15.6 million, representing approximately 0.4%, 0.4% and 0.7% of our total revenue for each of the years, respectively.

To the best knowledge of our Directors, the Third-Party Payment Arrangements were primarily due to (i) preferences for using third-party payment arrangements to obtain more favourable payment terms, such as exchange rates; (ii) preferences to route payments through entities or individuals within the same corporate group or designated companies. Our Directors confirm that the Relevant Customers and the actual payors are independent third parties. We intend to terminate these Third Party Payment Arrangements other than one of them, which we intend to continue through entering into a tripartite arrangement. We will, however, utilize such arrangements only when requested by clients, where we consider them reasonably necessary to facilitate the receipt of payments under genuine transactions and where direct remittances are not feasible. Meanwhile, we will continue to monitor and assess these arrangements and the relevant regulatory environment, and will adjust or reduce their use as appropriate to ensure ongoing compliance. According to Frost & Sullivan, the above-described Third-Party Payment Arrangements are generally in line with industry practices in cross-border transactions involving jurisdictions where direct payments are not feasible or favorable.

During the Track Record Period and up to the Latest Practicable Date, we had not initiated any Third- Party Payment Arrangement but only accepted payments from the third-party payors at the request of the Relevant Customers. In addition, during the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the third-party payors to facilitate or encourage the Third-Party Payment Arrangements.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date: (i) Our PRC subsidiaries are neither financial institutions nor specific non-financial institutions; (ii) When paying agents remit funds to the bank accounts of the Company and its PRC subsidiaries, relevant banks are required to conduct antimoney laundering verification; (iii) All paid funds are supported by genuine commercial backgrounds, and no act of concealing or disguising criminal proceeds and their sources exists; and (iv) The Company and its PRC subsidiaries have no intention to conceal or disguise the source and nature of criminal proceeds as specified in Article 191 of the Criminal Law of the People's Republic of China. Neither the Company nor its PRC subsidiaries are aware of any questionable fund sources, suspected criminal proceeds, illegal purposes, money laundering activities or any conduct violating applicable laws and regulations in respect of payments made by paying agents. Based on the foregoing, our PRC Legal Advisors are of the opinion that the acceptance of payments under the Third-Party Payment Arrangements does not violate any mandatory provisions of PRC laws and regulations. The risk that such payment acceptance by the Company and its PRC subsidiaries during the Track Record Period constitutes the crime of money laundering under PRC laws is remote.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors, (1) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or third-party payor, and (2) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements.

Internal Control Measures for Third-Party Payment Arrangement

During the Track Record Period, 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 mitigate the potential risks from the Third-Party Payment Arrangements and ensure compliance, we have started to implement enhanced internal control measures, including, among others: (i) we have adopted a Third-Party Collection Policy; and (ii) where third-party payment is necessary, written delegations must be executed prior to such payment.

Our Directors are of the view that our internal control measures are sufficient and can substantially mitigate the risk that we face. In light of the above, we believe that the termination of our third party payments will not have a material adverse effect on our business operations.

RAW MATERIALS AND SUPPLIERS

We procure our raw materials, mainly including PVC, Dioctyl Terephthalate (DOTP), calcium carbonate and UV coating, for our global production facilities.

We typically engage reputable supplier vendors to ensure the quality of our products. The factors that may affect our selection mainly include product quality, qualifications and credentials, market reputation and price.

We have comprehensive policies and detailed procedures in place to ensure the quality of the raw materials we purchase from suppliers. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including their reputations, credentials, experience, service or product availability, price and delivery time. We require our suppliers to comply with our internal supply management policies. Our quality control department is responsible for communicating with suppliers regarding quality standards, and will thoroughly inspect product samples to ensure that they meet all the technical requirements set forth in our product designs. We may conduct regular or ad hoc on-site inspections of suppliers and require suppliers to timely remedy quality issues upon notice.

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

Duration:	Typically one year.
Pricing:	The price is fixed for the duration of the contract.
Payment and credit term:	We shall make monthly payment typically within 30-90 days upon receiving the invoice.
Transfer of risks:	All risks related to storage, transportation, unloading, and any other matters shall be borne by the suppliers until the goods are inspected and accepted by us.
Return arrangements:	If the goods provided by the supplier do not meet the required quality standards, we are entitled to request a return or other remedial actions.
Termination:	If the supplier fails to fulfill certain obligations specified in the agreement, we are able to terminate the agreement, and the suppliers shall be liable for the loss incurred.

Our Major Suppliers

Our suppliers primarily consist of raw materials providers. In 2023, 2024 and 2025, our purchases from the five largest suppliers were RMB370.9 million, RMB516.2 million and RMB481.1 million, respectively, accounting for 43.5%, 35.2% and 32.6% of our total purchase in the same periods, respectively. In 2023, 2024 and 2025, our purchases from the single largest supplier amounted to RMB147.5 million, RMB141.6 million and RMB195.2 million, respectively, accounting for 17.3%, 9.6% and 13.2% of our total purchase in the same periods, respectively. The following tables set forth the details of our top five suppliers during the Track Record Period:

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2023							
Supplier A . .	147,462	17.3	2022	10% deposit, full payment before delivery	Telegraphic transfer	Purchasing PVC powder	A PRC company established in August 2022, a subsidiary of a PRC listed Fortune Global 500 enterprise, engaging in integrated smart supply chain services for bulk commodities.
Supplier B . .	64,707	7.6	2016	Payment before delivery	Telegraphic transfer	Purchasing PVC powder	A state-owned PRC listed company headquartered in Chuzhou, Anhui Province, primarily engaging in the production of chlor-alkali chemical products including PVC and caustic soda.
Supplier C .	58,936	6.9	2010	30 days	Telegraphic transfer	Purchasing DOTP powder	A PRC company established in 1997, headquartered in Guangdong Province, primarily engaging in the production and sale of chemical products including DOTP.
Supplier D . .	54,902	6.4	2021	Payment before delivery	Telegraphic transfer	Purchasing PVC	A PRC company established in 2021, headquartered in Zhejiang Province, primarily engaging in the manufacturing of new chemical materials including PVC.

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
Supplier E . .	44,876	5.3	2012	60 days	100% bank of acceptance notes	Purchasing compound materials	A PRC company established in January 2012, primarily engaging in the research, development, production and sale of chemical products including calcium-zinc composite stabilizers and PVC wood-plastic profiles.
Total	**370,883**	**43.5**					

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2024							
Supplier D . .	141,557	9.6	2021	Payment before delivery	Telegraphic transfer	Purchasing PVC powder	A PRC company established in 2021, headquartered in Zhejiang Province, primarily engaging in the manufacturing of new chemical materials including PVC.
Supplier A . .	111,349	7.6	2022	10% deposit, full payment before delivery	Telegraphic transfer	Purchasing PVC powder	A PRC company established in August 2022, a subsidiary of a PRC listed Fortune Global 500 enterprise, engaging in integrated smart supply chain services for bulk commodities.
Supplier F . .	103,599	7.1	2019	Payment before shipping	Bank transfer	Freight forwarding services	A leading global logistics service provider established in 1890 and headquartered in Schindellegi, Switzerland.
Supplier G . .	87,931	6.0	2022	60 days after ETD	Telegraphic transfer	Purchasing finished products	Our associate company incorporated in Vietnam, primarily engaging in the production and sale of SPC, LVT and EPC flooring and wall panel products.

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
Supplier C .	71,757	4.9	2010	30 days	Telegraphic transfer	Purchasing DOTP	A PRC company established in 1997, headquartered in Guangdong Province, primarily engaging in the production and sale of chemical products including DOTP.
Total	**516,193**	**35.2**					

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
For the year ended December 31, 2025							
Supplier H .	195,168	13.2	2024	Payment before delivery	Telegraphic transfer	Purchasing PVC powder	A PRC company headquartered in Zhejiang Province, the subsidiary of a PRC listed company, primarily engaging in professional risk management trading.
Supplier F . .	88,330	6.0	2019	Payment before shipment	Bank Transfer	Freight forwarding services	A leading global logistics service provider established in 1890 and headquartered in Schindellegi, Switzerland.
Supplier D . .	75,444	5.1	2021	Payment before shipping	Telegraphic transfer	Purchasing PVC powder	A PRC company established in 2021, headquartered in Zhejiang Province, primarily engaging in the manufacturing of new chemical materials including PVC.
Supplier G .	73,846	5.0	2022	60 days after ETD	Telegraphic transfer	Purchasing finished products	Our associate company incorporated in Vietnam, primarily engaging in the production and sale of SPC, LVT and EPC flooring and wall panel products.

Supplier	Purchase amount	Percentages of total purchase	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Background
	(RMB in thousands)	*(%)*					
Supplier C .	48,271	3.3	2010	30 days	Telegraphic transfer	Purchasing DOTP powder	A PRC company established in 1997, headquartered in Guangdong Province, primarily engaging in the production and sale of chemical products including DOTP.
Total	**481,059**	**32.6**					

Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for Supplier G, all of our remaining four largest suppliers in each year during the Track Record Period were Independent Third Parties. Supplier G is our associate company incorporated in Vietnam, primarily engaging in the production and sale of SPC, LVT and EPC flooring and wall panel products.

OVERLAPPING OF SUPPLIERS AND CUSTOMERS

In 2024 and 2025, Supplier G which was responsible for processing and manufacturing our orders, was also our customer. As certain designs included in our orders are exclusive to us, the color films and other raw materials required for such designs were required to be supplied directly by us to Supplier G. As a result, we entered into a reciprocal cooperative relationship with Supplier G, pursuant to which we sold such color films and raw materials to Supplier G. Such sales were solely for the purpose of processing and manufacturing our orders and did not involve any other activities.

The following table sets forth the breakdown of purchase amount paid to and our revenue generated from Supplier G in each period during the Track Record Period:

Supplier/Customer	Year/Period	Purchases (RMB in thousands)	Revenue (RMB in thousands)
Supplier G	2024	87,931	23,308
	2025	73,846	12,356

During the Track Record Period, our sales to Supplier G accounted for approximately 1.1% and 0.5% of our total revenue for the years ended December 31, 2024 and 2025, respectively. All procurement arrangements with Supplier G were negotiated on an arm's length basis.

The Directors confirm that all sales to major customers were conducted in the ordinary and usual course of business on normal commercial terms. According to Frost & Sullivan, our procurement from and sales to customers are in line with industry practices.

ORDER MANAGEMENT, LOGISTICS AND INVENTORY

We have established an integrated digital hub centered on enterprise resource planning (ERP) and manufacturing execution system (MES), deeply integrated with supplier relationship management (SRM), warehouse management system (WMS), and quality management system (QMS), forming a fully visible, real-time coordinated "supply chain control tower." This system enables end-to-end transparency from customer orders, production, warehousing, and distribution to logistics tracking, providing strong support for informed decision-making and precise operations. As a result, production lead time for products have been shortened from 33-35 days to 21-25 days, ranking among the industry's leading levels, according to Frost & Sullivan.

Order Management and Production Planning

We manage customer orders, production planning, inventory turnover and delivery through integrated digital management systems. These systems support coordination across manufacturing, warehousing and logistics functions, enable real-time monitoring of inventory levels and shipment status, and facilitate efficient order fulfilment.

Logistics

We primarily utilize free on board shipping terms from our warehouses for shipments of our products. For other orders, we provide direct delivery to customer-specified venues. We also engage reputable third-party logistics service providers for delivery to our customers. To the best of our knowledge, such logistics service providers are Independent Third Parties.

Inventory Management

Our inventories mainly include raw materials, work in progress and finished goods. Our inventories amounted to RMB238.1 million, RMB351.7 million and RMB452.1 million as of December 31, 2023, 2024 and 2025, respectively. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and store strategic raw materials in anticipation of potential supply shortage. Our supply management team reviews our inventory aging reports routinely with the business operation team and takes necessary actions to minimize risks of obsolescence when required.

QUALITY CONTROL

We are committed to maintaining the highest level of quality in our products. We have designed and implemented a quality management system that provides the framework for continuous improvement of products and processes. We have also implemented a management review control process to conduct regular systematic reviews of our quality management system, in order to closely monitor the implementation of our quality management system.

In recognition of our efforts on maintaining high standards of management and product quality control, we have been granted a comprehensive portfolio of accreditations. Our energy management system is accredited with GB/T 23331-2020/ISO 50001:2018 qualification, the premier international standard for energy management. We adhere to a "zero-defect" principle, with ISO 9001 as the foundation and total quality management ("TQM") fully implemented. A detailed quality control process is established throughout the entire value chain, covering R&D, supply chain procurement, manufacturing, product delivery, and customer service. In R&D, design failure mode and effects analysis ("DFMEA") identifies potential defects, ensuring products are production-ready. In procurement, a supplier grading system and "source inspection" guarantee 100% compliance with environmental and performance standards. In manufacturing, incoming quality control ("IQC"), in-process quality control ("IPQC"), final quality control ("FQC"), and outgoing quality control ("OQC") ensure full-process monitoring from raw materials to finished products. Statistical process control technology is also applied to dynamically adjust parameters and minimize quality variation.

Our quality management system is certified for ISO 9001:2015 qualification, the globally adopted benchmark for consistent quality control Our environmental management system is accredited with ISO 14001:2015, the leading standard for environmental performance. Our occupational health and safety management system is certified for ISO 45001:2018 and GB/T 45001-2020 qualifications, a widely recognized framework for managing workplace safety. Our PVC flooring products have obtained T/CECS 10252-2022 and CNCA-CGP-13:2023 certification, which represent eco-friendly product standards recognized by PRC governmental authorities, as well as certification and quality ratings recognized in the U.S., EU and other overseas markets. These recognitions demonstrate that our products meet or exceed the stringent requirements for eco-friendly material.

By placing quality control, we have built a "prevention-focused, tightly controlled, continuously improving" quality management loop. This system ensures consistent product quality throughout the product lifecycle and converts customer feedback into R&D improvements, forming a virtuous cycle of quality, innovation, and customer satisfaction.

During the Track Record Period, we did not experience any material quality incidents, material compliance breaches or material client complaints in relation to the quality of our products.

WARRANTIES AND AFTER-SALES SERVICES

We usually provide a warranty period for the quality of our products since the delivery date, on the condition of proper storage, transportation, installation, and end use of the goods by the buyer. Our warranty period is at least 36 months and is determined on a per-order basis. From the expiry of the warranty period, we generally do not provide further replacement or repair.

We also provide after-sales services, such as product return and replacement, in limited occasions. We do not maintain a standardized return policy. We may accept product returns on an individual basis due to defects caused by us and bear the delivery costs of such products returned to us after conducting investigation to ascertain the cause of the defect. Other than that, we may authorize product returns or refunds on a case-by-case basis at our own discretion.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material dispute arising from or in connection with the quality of our products, which lead to material adverse effects on the operation or financial status of our Group or the [**REDACTED**]. The number of returned products was insignificant and no provision for product return had to be made during the Track Record Period.

INTRA-GROUP TRANSACTIONS

Overview

In our ordinary course of business, we engaged in certain intra-group transactions among our relevant group entities. During 2023, 2024 and 2025, the intra-group transactions primarily involved (i) Asia-Pacific resin and plastic products manufacturing business, (ii) European resin and plastic products distribution business, (iii) Asia-Pacific resin and plastic materials distribution business, and (iv) Asia-Pacific resin and plastic products distribution business.

The transfer pricing review was conducted for companies involved in above intra-group transactions.

Transfer Pricing Assessment

We have engaged Ernst & Young (China) Advisory Limited (the "Transfer Pricing Consultant") to review the reasonableness of our transfer pricing arrangements for the above intra-group transactions during the Track Record Period from an arm's length compliance perspective and to issue a transfer pricing analysis report. The review and analysis conducted by the Transfer Pricing Consultant is mainly based on the OECD Transfer Pricing Guidelines and China Transfer Pricing regulations.

The Transfer Pricing Consultant conducted a comprehensive analysis of the functions performed, risks assumed and assets employed by the relevant parties and conducted comparability analyses. The Transfer Pricing Consultant concluded that the Transactional Net Margin Method was the appropriate method. For manufacturing business, the manufacturers within the group were selected as the tested parties, and the markup on total costs deemed the most appropriate Profit Level Indicator (PLI). For distribution business, the distributors within the group were selected as the tested parties, and the operating margin as the most appropriate PLI.

After assessing our transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date, the Transfer Pricing Consultant is of the view that, during the Track Record Period and up to the Latest Practicable Date, our transfer pricing arrangements for the above intra-group transactions were consistent with the arm's length principle.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material inquiry, audit, investigation or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions. See "Risk Factors — Risks Related to Our Financial Performance — Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities" for more information.

COMPETITION

The global new polymer stone plastic decoration composite materials market is characterized by the accelerating global expansion of Chinese suppliers. Chinese Mainland is the world's leading exporter in this sector, accounting for approximately 45% of global export value in 2025. As products from Chinese suppliers continue to gain recognition from overseas customers, their market share is expected to rise steadily.

The Chinese PVC decoration materials export market in which we operate is highly competitive and fragmented. According to Frost & Sullivan, the top five suppliers in PVC decoration materials market by total export value from Chinese Mainland in 2025 collectively accounted for a market share of 18.8%. We ranked first among all suppliers by total export value from Chinese Mainland in 2025, with an export value of USD262.5 million and a market share of approximately 6.1%.

According to Frost & Sullivan, in the global PVC decoration materials market by total export value to Europe, the top five Chinese suppliers collectively accounted for a market share of 34.7% in 2025. Developed markets such as Europe and the United States have limited domestic production capacity for PVC decoration materials and rely heavily on imports. We ranked first among all Chinese suppliers[1] in terms of total export value to Europe in 2025, with an export value of USD253.3 million and a market share of approximately 14.5%.

See "Industry Overview" for more information.

EMPLOYEES

As of December 31, 2025, we had 1,229 full-time employees. The following table sets forth the number of our employees by function:

	Number of employees
Sales and marketing	109
Research and development	126
Manufacturing	647
Product and technology	71
Administration and management	140
Supply management	136
Total	**1,229**

Our success deeply rests on our ability to attract, retain and motivate qualified talents, and we believe that our high-quality talent pool is one of our core strengths and competitive advantages. To support our global operations and international business presence, we recruit personnel to meet both domestic and overseas staffing needs. We recruit with high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment and third-party recruiters, to identify and place suitable personnel for positions across our operations in different regions.

We invest in employee training through a combination of on-the-job training, regular training sessions and structured internal training programs. These initiatives are designed to enhance professional knowledge, management capabilities and technical skill sets, and to ensure our employees remain abreast of the evolving industry trends and standards relevant to their roles. Our training framework covers various areas including new hire onboarding, role-specific skill development and leadership training, which supports our employees' professional growth and the effective operation of our business.

We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward the well-performed with bonus and promotion.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into employment contracts and agreements regarding confidentiality, intellectual property, and non-competition with our executive officers, managers, and employees. In

[1] Chinese Suppliers refer to suppliers headquartered in Chinese Mainland, including both domestic and overseas production facilities.

addition, we usually enter into intellectual property and ownership agreement with our core employees, under which we have all right, title and interest relating to any and all inventions by such employee during the term of his/her employment with us.

We employ dispatched employees for certain basic positions. Before signing the dispatching contracts, we carefully examine the qualifications of the dispatching party, and articulate the rights and obligations of each party clearly in these contracts.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required by relevant PRC laws and regulations. We have not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund during the Track Record Period. According to our PRC Legal Advisors, the risk of centralized collection, late payment fines, or material administrative penalties arising from our failure to fully contribute to the social insurance and housing provident fund contributions, or our failure to make timely contributions for all employees, is remote, provided that no material changes in applicable policies, regulations, or enforcement requirements, no collective employee complaints or reports, and no related litigation or arbitration. See "Risk Factor — Risks Related to Our Business and Industry — Certain of our practices with respect to social insurance and housing provident fund contributions may subject us to late payment fines or other administrative penalties, which may adversely affect our business and results of operations" for more information.

We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. We had not experienced any material labor disputes or any material difficulties in recruiting employees for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to product liability insurance and export credit insurance, etc. Our Directors consider our insurance policy as a whole to be in line with the general market practice and that it complies with the relevant rules and regulations in China. See "Risk Factors — Risks Relating to Our Business and Operations — Our insurance coverage may not be sufficient to cover the risks related to our product liability, operations and losses" for more information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Corporate Governance

We consistently prioritize Environmental, Social, and Governance (ESG) development, actively fulfill corporate social responsibilities, and integrate sustainable development concepts into daily operations and long-term strategies. In terms of social responsibility, we continuously enhance employees' sense of belonging and loyalty by improving employee welfare and optimizing working environments and benefits. Meanwhile, we consistently participate in educational public welfare initiatives and rural revitalization projects to promote shared social development. In terms of environmental management, we actively respond to the national "carbon peaking and carbon neutrality goals" by integrating green and low-carbon concepts throughout the entire industrial chain operations. Through measures such as emission reduction, circular economy, and clean production, we effectively reduce energy consumption and pollutant emissions. At the governance level, we have fully incorporated ESG concepts into our strategic management framework. We have enhanced governance transparency through an effective governance structure and established a monitoring and evaluation mechanism to track progress. In addition, we regularly engage independent third parties to assess our ESG performance. Moving forward, we will uphold the ESG development vision of "Leading Quality Home Living with Digital Intelligence, Creating a Better Life through Green Innovation", implementing the strategy of "Green Circulation, Efficient and Transparent Operations, and Win-Win for All Stakeholders" to continuously drive high-quality and sustainable corporate development.

ESG Management Framework

We have established a comprehensive ESG governance structure, adopting a three-tier structure of "Board of Directors — President's Office — ESG Executive Team", forming an integrated "decision-making — leadership — execution" management system. The President's Office, as our central ESG coordination department, is responsible in particular for formulating ESG strategic plans and annual targets, which are submitted to the Board of Directors for review and approval. Upon approval by the Board, the ESG Executive Team is responsible for the implementation of annual ESG work plan. This ensures clear division of responsibilities and efficient implementation, driving the full integration of ESG principles into corporate operations and management systems.

We incorporate sustainable development goals into corporate strategic planning, embedding sustainability concepts throughout the entire process — from product design and manufacturing to supply chain management. By selecting partners with environmental awareness and sustainable development capabilities, we have built a green supply chain system. Meanwhile, we have set up a dedicated sustainability department or committee to strengthen employee training, thereby improving the safeguard mechanisms. Currently, we are continuously refining the formulation of ESG management measures, providing solid support for the advancement of future ESG work through institutionalized and systematic approaches.

Anti-Corruption Governance

We place high importance on compliant operations and anti-bribery, anti-extortion, anti-fraud, and anti-money laundering efforts. We have established and continuously improved the *Kingdom Corporate Culture Handbook* (《晶通企業文化手冊》), explicitly listing compliance risk as a core management principle. Additionally, a compliance risk management system encompassing anti-bribery measures has been implemented to ensure all employees adhere to our ethical standards and legal regulations. We strictly comply with relevant laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), and the *Criminal Law of the People's Republic of China* (《中華人民共和國刑法》). We have established a contract clause compliance review mechanism and conduct regular legal compliance inspections and assessments to ensure all business activities are lawful and compliant, effectively mitigating potential legal risks.

We place high importance on anti-corruption and integrity management, having established a comprehensive anti-corruption prevention system. We have set up an Audit Department to spearhead the development of an anti-corruption compliance mechanism that encompasses key aspects such as legal support, employee integrity commitments, risk identification and response measures. Employees are required to sign the Integrity Agreement (《廉潔協議》) to strengthen awareness of self-discipline and integrity, thereby fortifying the defense line for compliant operations. We have established a multi-channel, anonymous reporting system, including dedicated audit and supervision email, physical complaint boxes, and hotlines, ensuring timely and secure delivery of reporting information. We pledge strict confidentiality of whistleblower identities and initiate verification procedures within three working days upon receipt of a report. The Audit Department oversees routine internal audits and special inspections. Additionally, we engage qualified third-party institutions to conduct compliance evaluations and audits, creating a dual oversight mechanism that combines internal and external supervision. This ensures the sustained effectiveness of anti-corruption measures while upholding our commitment to integrity in business operations and compliance with applicable laws and regulations.

Environmental Responsibility

We remain vigilant and fully comply with environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), and the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》). We continuously improve environmental management measures to make greater contributions to environmental protection and sustainable development.

Environmental Performance

Indicators	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025
		Emissions		
GHG Emissions				
Total GHG Emissions	tCO2e	55,323.5	75,883.2	88,077.5
Scope 1 – Direct GHG Emissions	tCO2e	4,474.1	5,346.1	5,737.8
Scope 2 – Indirect GHG Emissions	tCO2e	50,849.4	70,537.1	82,339.7
GHG Emission Density	tCO2e/person	80.1	88.5	76.3
Waste Gas Emissions				
Non-ethane Hydrocarbons	kg	153,753.2	209,688.0	205,546.2
CO	kg	101.9	79.0	92.7
NOx	kg	8.4	6.7	7.9

Indicators	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2025
Waste				
Total Hazardous Waste	Ton	89.5	151.5	166.0
Hazardous Waste Density	Ton/person	0.1	0.2	0.1
Total Non-Hazardous Waste	Ton	1,670.0	2,566.3	4,352.3
Non-Hazardous Waste Density	Ton/person	2.4	3.0	3.8
Use of Resources				
Water Consumption				
Total Water Consumption	Ton	117,942.0	149,355.0	151,783.0
Water Consumption Density	Ton/person	170.7	174.3	131.4
Electricity Consumption				
Total Electricity Consumption	MWh	72,230.0	100,210.0	117,000.0
Electricity Consumption Density	MWh/person	104.5	116.9	101.3

Notes:

(1) The emission sources of waste gas include fixed sources and mobile sources. The emission caused by fixed sources is calculated according to the Handbook of the First National Pollutant Survey on the Production and Discharge Coefficient of Urban Domestic Sources and based on the monitoring of waste gas generated during actual production processes; the emission caused by mobile sources is calculated according to the Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial).

(2) The data of GHG emissions is presented based on carbon dioxide equivalents, and is calculated in accordance with the Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities (Revised in 2021) issued by the Ministry of Ecology and Environment of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).

(3) Direct GHG emissions are mainly produced from the consumption of gasoline and natural gas.

(4) Indirect GHG emissions are mainly produced from the consumption of electricity and water.

(5) The non-hazardous wastes involved in our operations mainly include packaging solid waste, domestic waste, food waste, and scrap materials in daily business activities. The hazardous wastes involved waste packaging drums and paint residue.

(6) Information disclosed includes information of the headquarters and branches in 2023, 2024 and 2025.

PROPERTIES

PRC

As of December 31, 2025, we owned the land use rights to ten major parcels of land located in Chinese Mainland, with a total land area of approximately 157.4 thousand square meters. These parcels of land are used primarily as our offices, production facilities or warehouses. As advised by our PRC Legal Advisors, we have obtained the land use certificates for such parcels of land and legally owned the land use rights to such parcels of land. The expiration dates of the land use rights to such parcels of land ranging from January 25, 2066 to August 18, 2072.

As of December 31, 2025, we owned 14 properties in Chinese Mainland, with a total gross floor area of approximately 274.3 thousand square meters, used primarily as production or storage facilities. As advised by our PRC Legal Advisors, we have obtained the ownership certificates for these properties. During the Track Record Period, we commenced construction of five properties serving as production auxiliary and supporting facilities not involving our core production processes, without first obtaining the requisite construction work planning permits (建設工程規劃許可證) and construction work commencement permits (建築工程施工許可證). For details of such non-compliance, see the subsection headed "— Legal Proceedings and Compliance — Compliance — PRC".

As of December 31, 2025, we operated our businesses through six leased properties in Chinese Mainland, with a total gross floor area of approximately 10.2 thousand square meters. These properties primarily serve as our office facilities and staff dormitories. Our lease agreements in respect of the abovementioned six leased properties generally have expiration dates ranging from October 1, 2026 to December 31, 2029. We plan to renew our leases or negotiate new terms when the existing leases expire. During the Track Record Period, we did not have any issue or dispute with landlord in securing or renewing our leases which would have had material impact on our business, financial condition or results of operations. As we do not anticipate any difficulty in relocating any of the above leased properties in the event of non-renewal thereof, we consider that these leased properties are not crucial to our operations and therefore any non-renewal thereof would not have any material impact on our business, financial condition or results of operations. We have been leasing certain premises from Hangzhou Kingdom Imp & Exp, one of our Controlling Shareholders, for use as office premises for business operations, including administrative and sales functions during the Track Record Period under property lease agreement dated January 1, 2024 with a lease term of three (3) years to December 31, 2026. For details, see "Relationship with the Controlling Shareholders — Leasing of Property from one of our Controlling Shareholders (the "Lease")." As of the Latest Practicable Date, four of our lease agreements had not been registered with the relevant PRC authorities. For details of such non-compliance, see the subsection headed "— Legal Proceedings and Compliance — Compliance — PRC".

Overseas

In addition, we own and lease a number of overseas properties to facilitate business operation. As of the Latest Practicable Date, we owned five parcels of land and four properties in Thailand. As of the same date, we leased five properties in Germany. These overseas properties are mainly for manufacturing, warehousing and office purposes.

As of December 31, 2025, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and

Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, APPROVALS AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to obtain various permits, licenses, approvals, and certifications from government authorities as required under the laws and regulations of jurisdictions where we operate. As of the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from applicable authorities that are material for our operations, and such licenses, permits, approvals and certificates were valid and effective.

We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no material litigation, arbitration or administrative proceedings pending or threatened against us or any of the Directors which could have a material and adverse effect on our financial condition or results of operations. During the Track Record and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings against our Company or any of the Directors which had caused a material and adverse effect on our financial condition or results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, except as disclosed hereunder, we did not commit any material non-compliance of the laws and regulations, which taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

PRC

Pursuant to applicable PRC laws and regulations, lease agreements are required to be registered with the competent local real estate administration authorities.

As of the Latest Practicable Date, four of our lease agreements in respect of properties leased by us in the PRC had not been registered with the relevant PRC authorities. The non-registration of such lease agreements does not affect the validity of the lease agreements between us and the relevant lessors, nor does it affect our lawful possession or use of the relevant leased properties.

Under applicable PRC laws and regulations, failure to register lease agreements may result in the parties being required to complete the registration within a prescribed period and may give rise to administrative penalties, including a fine of up to RMB10,000 for each unregistered lease agreement. We are in the process of, or have taken steps to, rectify the above non-compliance where practicable. According to our PRC Legal Advisors, our failure to complete the registration of the lease filings is highly unlikely to materially or adversely affect on our business and financial condition.

During the Track Record Period, we commenced construction of five properties in the PRC serving as production auxiliary and supporting facilities not involving our core production processes, without first obtaining the requisite construction work planning permits (建設工程規劃許可證) and construction work commencement permits (建築工程施工許可證). These properties represent approximately 0.51% of the total gross floor area of our owned properties. Under the PRC Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》), the PRC Construction Law (《中華人民共和國建築法》), and the Administrative Measures for Construction Work Commencement Permits (《建築工程施工許可管理辦法》), such non-compliance may result in orders to cease construction, fines of 5% to 10% of the construction cost or 1% to 2% of the project contract price, and, in cases where the impact cannot be rectified, orders to demolish the relevant structures or confiscation of the properties. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with the above. According to our PRC Legal Advisors, given the small scale and auxiliary nature of the properties involved, the above non-compliance will not have a material adverse effect on our production and operations and does not constitute a material legal obstacle to [**REDACTED**].

Thailand

Certain buildings acquired and used by our Thai Subsidiary in connection with our production facilities in Thailand did not have the requisite construction permits and certificates under the BCA at the time of acquisition, as these had not been obtained by the original owners. The use of such buildings during the period pending the issuance of the requisite permits and certificates constituted non-compliance under the BCA. Following the acquisition, our Thai subsidiary proactively engaged with the relevant local authority, and the requisite construction-related permits and certificates under the BCA have since been obtained and issued in its name. Given that all requisite construction-related permits and certificates under the BCA have been obtained, and that the relevant local authority has been aware of the pertinent circumstances throughout, according to our Thai Legal Advisors, the risk of regulatory consequences arising from the foregoing should be remote. Our Directors believe that, if such consequences were to arise, they would not materially affect our business and results of operation.

In addition, the transfer of certain buildings ancillary to the factory buildings we acquired was not formally registered. The majority of such ancillary buildings have since been demolished. In respect of the remaining unregistered building, pursuant to applicable Thai laws and consistent with Thai Supreme Court judgments as of the Latest Practicable Date, our Thai Legal Advisors are of the view that the Thai Subsidiary should be deemed to have acquired ownership of such remaining building on the basis that it forms an integral part of the land on which it is situated, notwithstanding that the transfer of such building was not formally registered.

Germany

Under the German Anti-Money Laundering Act (*Geldwäschegesetz,* GwG), the beneficial owners of a German limited liability company must be recorded in the transparency register (*Transparenzregister*). This registration requirement is designed to combat money laundering, enhance transparency of corporate ownership structures, and deter the misuse of shell companies.

As of April 30, 2026, the transparency register identifies Huibin Dai as the sole beneficial owner of Decoflooring GmbH. However, an agreement dated June 10, 2014, establishes that Huibin Dai has agreed to act in concert with Shuhong Zhang on the basis of an effective shareholding ratio of 50% each, with Shuhong Zhang's equity interest in Decoflooring GmbH being held on her behalf by Huibin Dai on a fiduciary basis. Accordingly, both Huibin Dai and Shuhong Zhang qualify as beneficial owners of Decoflooring GmbH, and the existing transparency register entry is therefore incomplete.

According to our Germany Legal Advisors, under German law, an incomplete entry in the transparency register may be sanctioned with administrative fines of up to EUR 150,000, and in some cases up to EUR 1,000,000, with the amount depending on the severity of the violation, whether the violation was intentional, and other factors. In addition to potential fines, the non-compliance and the name of the company may be published on the website of the German Federal Office of Administration (*Bundesverwaltungsamt*) for a period of five (5) years.

Since 18 May 2026, both Huibin Dai and Shuhong Zhang have been registered as beneficial owners of the Subsidiary in the transparency register. While we cannot rule out that German authorities may impose administrative sanctions for past non-compliances, our Germany Legal Advisors are of the view that deem the risk of severe administrative sanctions being imposed for this non-compliance low as the Subsidiary has taken rectification measures proactively.

Singapore

Pursuant to the Income Tax Act 1947 of Singapore ("**ITA**"), Section 63(1A) of the ITA states that except as exempted at the discretion of the Minister, every individual carrying on or exercising any trade, business, profession or vocation who has not made a return under section 62 of the ITA for any year of assessment must, within three (3) months after the end of the accounting period relating to that year of assessment, or such extended time as the Comptroller may allow, furnish to the Comptroller an estimate of the individual's chargeable income. Section 63(2) of the ITA further provides that any person who fails or neglects without reasonable excuse to furnish the estimate of the person's chargeable income shall be guilty of an offence. Where there is failure to file the Company's ECI pursuant to section 63(1A) of the ITA, Section 94(2) of the ITA states that any person guilty of an offence under this section for which no other penalty is provided shall be liable on conviction to a fine not exceeding $5,000 and in default of payment to imprisonment for a term not exceeding 6 months. However, the Comptroller may compound any offence punishable under Section 94, and may before judgment stay or compound any proceedings thereunder.

As at the Latest Practicable Date, we confirmed that we have not been subject to any penalties for failing to lodge the relevant Estimated Chargeable Income ("**ECI**") filings on time for years of assessment 2024 and 2025. Nevertheless, we are aware that we may be subjected to further penalties for not making the necessary ECI filings in time. While there remains such a possibility of penalties, in light of the fact that we filed our ECI late by seven (7) and six (6) months for the respective years of assessment, but we have since regularised such filings without any penalties being imposed, and in the absence of any aggravating circumstances, according to our Singapore Legal Advisors, the likelihood that we or any of our directors or officers would be convicted of an offence and be subject to imprisonment is considered remote.

RISK MANAGEMENT AND INTERNAL CONTROL

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. To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted, among other things, the following risk management measures:

- established an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see "Directors and Senior Management — Directors — Audit and Risk Committee" for more information;

- adopted policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management, connected transactions and information disclosure;

- organized training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;
- established a set of emergency procedures in the event of major quality-related issues;
- provided enhanced training programs on quality assurance and production safety; and
- distributed employee handbooks to enhance employees' awareness of complying with laws and regulations.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and Recognition	Awarding Parties	Year of Award
Top 100 National High and New Technology Enterprises in Jiaxing by Innovation Capability in 2025 (2025年嘉興市國家高新技術企業創新能力百強)	Jiaxing High-tech Enterprises Association (嘉興市高新技術企業協會)	2025
iF Design Award (德國紅點iF獎)	iF Industrial Design Forum (德國漢諾威工業設計論壇)	2024
Top Ten Brand in Resilient Flooring Industry (彈性地板行業十大品牌)	China Association of Decorative Building Materials (中國建築裝飾裝修材料協會)	2018 to 2025
Leading Brands in the Wall Panel Industry (牆板行業領軍品牌)	China Association of Decorative Building Materials (中國建築裝飾裝修材料協會)	2022 to 2025
Wall Panel Innovation Center of Resilient Flooring Industry (彈性地板行業牆板創新中心)	China Association of Decorative Building Materials (中國建築裝飾裝修材料協會)	2024
Zhejiang Manufactured High-Quality Products (浙江製造精品)	Economy and Information Technology Department of Zhejiang Province (浙江省經濟和信息化廳)	2023
Zhejiang Export Famous Brand (浙江出口名牌)	Department of Commerce of Zhejiang Province (浙江省商務廳)	2018 to 2026
IAI Global Design Award (IAI全球設計獎)	Asia Pacific Designers Federation (亞太設計師聯盟)	2021
International CMF Design Award (國際CMF設計獎)	International CMF Design Award Organizing Committee (國際CMF設計獎組委會)	2021
MUSE Design Awards (繆斯設計獎)	International Awards Associate (國際獎項協會)	2021