OVERVIEW

We are a leading flooring products provider in China, as well as a global market leader. Aligned with our long-standing dedication to customer demand, we have been committed to product innovation and technological advancement since our inception. Leveraging our intelligent and flexible manufacturing capabilities, which enable rapid adaptation to evolving market preferences, along with our extensive global sales and marketing network, we provide consumers worldwide with flooring products that combine sustainability, safety and health values, as well as technological advancement and aesthetic values.

We offer a broad portfolio of PVC and wood flooring products for a wide range of end-use applications, including residential, commercial, mixed-use or specialized applications. During the Track Record Period, our products were sold to 128 countries and regions worldwide, including the U.S., Canada, Australia, and various European countries. According to Frost & Sullivan, we ranked first among Chinese PVC flooring providers in terms of sales volume of PVC flooring products in North America in 2025, and ranked first among Chinese SPC flooring providers in terms of Asia export volume to North America and Europe in 2025. We also ranked first among Chinese laminate flooring providers in terms of export volume in 2025.

The chart below highlights our key achievements:

1. *According to Frost & Sullivan, based on the sales volume among Chinese PVC flooring providers in North America in 2025.*
2. *According to Frost & Sullivan, based on the export sales volume of SPC flooring products from Asia to North America and Europe among Chinese SPC flooring providers in 2025.*
3. *According to Frost & Sullivan, based on the export volume among Chinese laminate flooring providers in 2025.*
4. *As of December 31, 2025.*

We have developed an integrated operating model centered on "global sales network, product innovation and customization capabilities, intelligent and flexible manufacturing system (客戶全球化、產品定制化、智造柔性化)", under which our product development, design, manufacturing and delivery capabilities are closely aligned with the evolving demands of customers across global markets. Leveraging our established customer base across major international markets, we are able to continuously capture evolving market trends and end-consumer preferences across different countries and regions in relation to design aesthetics, functional requirements and application scenarios, while maintaining familiarity with applicable industry and environmental standards. We place strong emphasis on the integration of technology R&D, product design, and mass production. This integrated approach has been critical to our ability to deliver cost-efficient product solutions despite the complex and highly diversified requirements across multiple product categories in terms of design, technological standards, performance specifications, and aesthetic preferences. Our product design professionals work closely with our manufacturing personnel and marketing teams to ensure responsive customer engagement based on accurate market understanding and effective coordination. This collaboration also enables prototype validation and subsequent mass production to be carried out in a cost-effective manner by leveraging our globally integrated supply chain resources. At the same time, feedback from customers and end markets can be analyzed in a timely manner to support efficient decision-making within our cross-functional coordination framework.

As a result, we are able to continuously enhance the operational efficiency of our integrated business framework, while our accumulated successful precedents further strengthen our competitive advantages.

We believe we are well placed to capture future growth opportunities in the flooring industry, as a result of our global sales network, continuous product innovation and customization capabilities, as well as our intelligent and flexible manufacturing system. In addition, we constantly these capabilities to align with ongoing development trends of the global flooring industry, particularly the PVC flooring segment. In recent years, the global end-market demand has shown an increasing preference for flooring products that combine interior design appeal, sustainability, functional performance and design customization, driving the market toward more diversified and application-specific product offerings. These market trends has also led to greater differentiation among suppliers, with those demonstrating strong customer responsiveness, continuous product innovation and efficient global delivery capabilities being better positioned to benefit from evolving industry dynamics. According to Frost & Sullivan, the global PVC flooring market in terms of retail sales value is expected to increase from US$35.2 billion in 2025 to US$48.9 billion in 2030, representing a CAGR of approximately 6.8% during the period. In light of the continued expansion of the industry and the ongoing evolution of market demand, we expect to further expand our market share and achieve sustained business growth.

We primarily operate under an Original Design Manufacturer ("**ODM**") business model, supplemented by our Own Brand Manufacturer ("**OBM**") business model. Under our ODM model, we primarily serve overseas markets by providing customized products to globally recognized flooring and decorative building materials brands and retailers. In particular, through close collaboration with our customers, we actively participate in their new product development and supply chain coordination. We are able to tailor product development, intelligent and intelligent and flexible manufacturing and delivery solutions based on customers' brand positioning, regional market characteristics, end-use applications, regulatory requirements and delivery timelines. Supported by our manufacturing footprint across the PRC and Vietnam, efficient delivery capabilities, rapid responsiveness and stringent quality control, we have established long-term and stable relationships with customers across global markets. In addition, for our OBM business model, we have established an integrated sales and service network for our self-branded products covering more than 20 cities across Chinese Mainland through both direct sales and distributors. We have also conducted overseas sales of our self-branded products through wholesalers. In 2023, 2024, and 2025, revenue generated from overseas markets accounted for 78.3%, 86.7% and 91.2% of our total revenue, respectively, among which revenue generated from the North American market accounted for 60.6%, 61.4% and 69.6% of our total revenue; revenue generated from the European market accounted for 10.6%, 14.1%, and 12.8%, respectively.

We have committed to continuous R&D and product design since our inception to drive our business growth and competitiveness enhancement. As of December 31, 2025, we have built a R&D team of 98 staff with expertise and practical experience in developing advanced composite materials, environmentally friendly manufacturing processes, and functional surface treatment that can well serve different product designs. We strategically place our R&D and design centers in Changzhou, China, U.S., and Vietnam, to effectively tap into talent pools in respective regions with differentiated advantages in terms of studying global trends in aesthetic preferences and designs, advanced manufacturing techniques and latest materials development. As of December 31, 2025, we owned 147 patents, 39 trademarks, 41 copyrights and 10 domain names.

During the Track Record Period, we achieved steady growth in our financial performance. Our revenue increased from RMB2,297.6 million in 2023 to RMB2,356.3 million in 2024, and further to RMB2,530.5 million in 2025, representing a CAGR of 4.9% during the same period. In 2025, our gross profit margin and net profit margin were 25.4% and 9.5%, respectively, and our return on equity reached 26.8%.

OUR STRENGTHS

Global customer base and continuous market expansion capabilities

During the Track Record Period, our products were sold to 128 countries and regions worldwide, including the U.S., Canada, Australia, and various European countries. We have established a high-quality global customer base, supported by our deep understanding of diverse regional markets. We are able to adapt to different customer business models and end-user needs, and translate specific customer requirements into customized product solutions. This capability is supported by our intelligent and flexible manufacturing system, strong execution capabilities, and reliable delivery performance.

In overseas markets, we have established long-term and stable relationships with globally recognized flooring and decorative building materials brand and retailers. This includes the largest global flooring material provider (by revenue in 2025), one of the largest flooring material distributors in North America (by revenue in 2025) and numerous established international and regional flooring and building materials providers. In the PRC market, we primarily operate under our OBM model through the sale of products under our own brands, while optimizing our domestic distribution network and focusing on cooperation with high-quality customers.

Our global customers generally maintain stringent supplier admission standards, under which suppliers are required to undergo rigorous qualification and verification procedures covering multiple aspects, including product quality, large-scale manufacturing capability, continuous R&D and innovation capability, customized responsiveness, international certification standards and long-term supply reliability, before being admitted into their qualified supplier systems. Leveraging our global sales network, continuous product innovation and customization capabilities, as well as our intelligent and flexible manufacturing system, we have successfully passed the stringent and often lengthy supplier verification processes of numerous global customers at an early stage, enabling us to establish a broad and stable global customer base. As the qualification process is typically time-consuming and involves high entry barriers, while high-quality flooring suppliers capable of providing environmentally friendly, high-quality and stable large-scale supply remain relatively scarce, customers are generally reluctant to replace long-term qualified suppliers once stable cooperative relationships have been established, absent any material breach or significant quality issues. As such, the global customer qualifications and cooperation foundation accumulated by us in the early stage have further strengthened our customer resource advantages and enhanced customer stickiness. During the Track Record Period, our top 50 customers accounted for over 65% of our revenue in each year, and maintained a retention rate* of over 94%.

In terms of new customer acquisition, we have established a standardized and replicable operating mechanism based on a well-developed business methodology and technological capability framework. This enables our business model to adapt to customers across different regions and diverse application scenarios, facilitating efficient replication and rapid implementation of execution plans. Building on this foundation, we continue to enhance our market adaptability and expansion efficiency across different markets, thereby supporting sustained customer acquisition. In addition, we continuously expand our customer base through brand building and multi-channel marketing initiatives. We also conduct market research and demand analysis across different countries and regions. Based on regional characteristics and customer needs, we carry out targeted product development and marketing, thereby continuously enhancing our customer acquisition efficiency and market penetration.

Market insight and R&D-backed customized development and sustained innovation capabilities

We have established a systematic framework for customized product development and sustained innovation, built upon the integration of the following key aspects.

Market Insight. Through years of global business development, we have progressively built a systematic customization capability anchored in deep market insight, customer understanding and product development experience. We have long served customers across different countries and regions, continuously tracking evolving trends in global flooring markets in relation to design aesthetics, functional requirements, environmental regulations, distribution structures, consumer preferences and end-use applications. Over the course of extensive product development and customer collaboration, we have accumulated a comprehensive knowledge base of experience and technical know-how covering product design, aesthetic styles, specification systems, functional configurations, material solutions and manufacturing processes.

R&D and Design Capabilities. We have established a well-developed R&D system to support product development. We leverage our R&D center located in our headquarters in Changzhou to continuously conduct R&D activities focusing on formulation optimization, process upgrading, material innovation and functional enhancement. We also focus on product appearance design, including colors, textures and surface finishes. By continuously collecting aesthetic preferences and design trends across different countries and regions, we regularly drive iterative upgrades of our product series. Through these efforts, we have developed a number of core technologies, including digital printing technology for surface designs, acoustic insulation SPC flooring technology, PP material technology, ABA foaming co-extrusion, antibacterial processing, high wear-resistant surface treatment, enhanced waterproofing and fire-retardant technologies. Supported by sustained R&D investment and technical accumulation, we continue to advance innovation in manufacturing processes, functional performance, product appearance, as well as material and formulation systems, thereby expanding the application boundaries of our products and providing customers with more diversified product realization pathways.

Systematic Product Development and Continuous Innovation. Leveraging both market insight and R&D capabilities, we have established a structured product development mechanism covering key stages including market trend identification, customer requirement analysis, product concept design, sampling, performance validation and mass production. This enables us to efficiently translate differentiated customer requirements into customized product solutions. For major markets such as North America, Europe, Asia and Oceania, we have developed region-specific product development directions and material/design repositories, which can be further refined based on more granular regional

* *Retention rate refers to the percentage of the top 50 customers in 2023 that remained our customers in 2024 and 2025.*

characteristics and customer requirements. Through our long-term cooperation with globally recognized brands and retailers, we combine our strengths with our customers' market presence and global platforms. Our close cooperation with these customers also deepens our understanding of global market trends, consumer preferences and industry standards.

Customer-Oriented Modular Development Approach. For each customized request, we are able to draw upon our accumulated market insight, product modules, design elements, functional systems, material formulations and process know-how. By recombining and optimizing know-how, we can efficiently respond to diverse customer requirements on aesthetics, specifications, functional attributes, manufacturing processes, regulatory compliance and cost considerations. For example, consumer preferences across different countries and regions vary in terms of wood grain color tones, surface texture, wear resistance levels, slip resistance, installation convenience and environmental certifications. In response, through customer co-development, rapid prototyping and modular product development, we are able to convert fragmented and diverse market demands into scalable product solutions, thereby improving product development efficiency, time-to-market and end-market competitiveness.

Diversified product matrix validated by comprehensive quality certifications

We have established a comprehensive product portfolio driven by customer demand and market preferences. We maintain close proximity to global customers and develop a deep understanding of regional preferences in flooring aesthetics, functional standards and environmental regulations, which continuously drive our product development and iteration. Our product portfolio covers PVC flooring products (including SPC, WPC and LVT flooring), laminate flooring, engineered wood flooring and wall panel products. Meanwhile, we continuously enhance manufacturing processes and product functionality, developing a wide range of decorative patterns and realistic textures, while integrating value-added features such as waterproofing, slip resistance, antibacterial performance, stain resistance, scratch resistance and negative ion functionality. This diversified product portfolio effectively meets the varied needs of global customers across residential, commercial and specialized application scenarios.

Our products are developed and manufactured with a strong emphasis on quality, environmental sustainability and the health and well-being of end-users and participants across the supply chain. They are designed to comply with applicable quality and environmental standards across global markets, and to meet stringent requirements of demanding application environments, demonstrating our strong capabilities in quality control and product performance. At the same time, we place significant emphasis on user experience. In delivering customized product aesthetics and functionalities, we consistently prioritize safety, environmental performance and comfort as essential aspects of product quality and end-user value. For example, our products are designed with full consideration of user safety, as well as the needs of pregnancy- and infant-friendly, elderly-friendly, child-friendly and pet-friendly applications, thereby enhancing safety, applicability and comfort across a wide range of residential and commercial environments.

In international markets, our products have obtained multiple globally recognized certifications, including the International Environmental Product Declaration, the U.S. Greenguard Gold, EU Indoor Air Comfort Gold, FloorScore, EU CE and have consistently passed quality and supplier audits conducted by internationally renowned brand customers. In addition, we have established a comprehensive patent portfolio consisting of 147 patents, with 121 patents in Chinese Mainland and 26 overseas patents. We have obtained ISO9001 quality management system certification and established a full-process quality control system covering raw materials, R&D, production, warehousing and logistics to end customers, supported by in-house advanced testing capabilities. In terms of key performance indicators such as formaldehyde emission, water absorption expansion, surface wear resistance and static bending strength, our testing capabilities have been assessed as "satisfactory" by the Research Institute of Wood Industry of the Chinese Academy of Forestry (中國林業科學研究院木材工業研究所), and obtained a proficiency testing laboratory certificate. Supported by our comprehensive quality control system and testing capabilities, we have consistently supplied over 50 million square meters of high-quality environmentally friendly flooring products annually during the Track Record Period.

Global intelligent and flexible manufacturing layout enables efficient delivery and effective cost control

We have established production bases in China and Vietnam, supported by refined cost management across the entire manufacturing process, including procurement, production, logistics and operations, which enables us to maintain cost competitiveness and support our profitability and margin stability. Our integrated manufacturing capabilities allow us to optimize resource allocation and respond efficiently to fluctuations in customer demand. Our intelligent production facilities and modular production line design allow us to transition from large-scale standardized production to customized production, with our intelligent and flexible manufacturing system supporting rapid switching among multiple product types, specifications and technical requirements on the same production line, thereby enhancing our ability to accommodate diversified, multi-SKU and multi-batch orders.

Our production bases have integrated advanced automation equipment and information systems, such as manufacturing execution system (MES), programmable logic controller (PLC), System Applications and Products (SAP), warehouse management system (WMS) and supplier relationship management (SRM), to achieve end-to-end digitalized management of orders, production, quality control, logistics and finance. Such digitalized systems enable real-time visibility, coordination across operations and dynamic production scheduling, which improve our production efficiency and material utilization, shorten delivery cycles and reduce error rates, ultimately resulting in operational reliability and customer satisfaction. Our global production layout also enhances our operational resilience by mitigating the impact of geopolitical uncertainties, including potential trade restrictions, tariffs and regional supply chain disruptions. Through coordinated operations across domestic and overseas facilities, we are able to achieve economies of scale in procurement, automation-driven efficiency and flexible delivery, enabling us to effectively control costs and maintain industry-leading margins, while ensuring stable and timely product supply to our customers worldwide.

Pragmatic and execution-oriented corporate culture with highly experienced core management team

Our management team consists of experienced industry professionals with extensive operational experience and strong execution capabilities with a global perspective, who possess over 15 years of industry or management experience on average.

We adopt a global team structure, with approximately 40% of our employees located overseas as of December 31, 2025. Leveraging continuous monitoring and in-depth insights into the development trends of the global flooring materials industry, competitive landscape, customer supply chain dynamics, and evolving consumer demand, our global team formulates development strategies closely. We have also established a standardized and efficient operational management system, along with robust internal control frameworks, to ensure the implementation of our business initiatives.

OUR STRATEGIES

Deepen our global footprint and reinforce our market leadership

We will continue to advance our global expansion strategy by strengthening our overseas production capacity and extending our international operations. In particular, we plan to upgrade and expand our overseas manufacturing base in Vietnam to enhance our global order fulfillment efficiency and delivery capabilities, which we believe will enable us to better serve existing customers and capture new business opportunities in key overseas markets. Through such initiatives, we aim to broaden our customer base, enhance profitability and further consolidate our leading position in the global flooring industry.

We will also continue to optimize our global operating model by implementing localized strategies in key markets, including the U.S., Europe, other countries and regions. By expanding our local professional teams and establishing efficient and responsive market mechanisms, we aim to enhance our ability to respond to customer needs in a timely and targeted manner. Leveraging our integrated global operating platform, we will strengthen coordination across our business operations and improve our end-to-end service capabilities, including product installation, system deployment and terminal delivery, thereby providing comprehensive one-stop global solutions to our customers and enhancing overall customer satisfaction and retention.

We will continue to uphold our commitment to product quality and innovation, and remain dedicated to providing healthy, environmentally friendly and diversified flooring solutions to global consumers. While enhancing product performance and aesthetic value, we will further strengthen our core capabilities in global customer responsiveness, product customization and flexible manufacturing. Leveraging our intelligent and flexible manufacturing and digital transformation initiatives, we aim to advance our capabilities in product innovation, agile production and global delivery, thereby driving the high-quality and sustainable development of the industry.

Expand our product portfolio and enhance our manufacturing and operational capabilities

We plan to further diversify our product offerings to address the varying needs of customers across different regions and application scenarios. Driven by materials innovation and evolving home application trends, we will continue to expand our product portfolio across flooring and adjacent product categories, such as wall panels, tabletops and furniture surface materials to meet customers' one-stop procurement needs. At the same time, we intend to upgrade our production management systems by introducing advanced automation, intelligent control and precision testing equipment and further enhancing the integration of digitalized management systems across our operations. Through these initiatives, we aim to enhance our large-scale and standardized manufacturing capabilities, reduce labor costs, ensure consistent product quality and improve production efficiency while maintaining flexibility to accommodate customized and small-batch orders, thereby achieving more efficient and controllable large-scale operations and strengthening our overall operational scalability.

Continuous strengthening of product innovation

The global flooring materials industry is characterized by continuous evolution in products and technologies in response to changing end-consumer preferences, which requires manufacturers to maintain strong and ongoing R&D and innovation capabilities. This includes making technological breakthroughs in areas such as antibacterial performance, slip resistance, sound insulation, formaldehyde reduction, negative ion functionality and stain resistance, so as to develop products with stronger market competitiveness. Over the years, we have consistently focused on customer needs and market trends in our product R&D, design and production, and have accumulated extensive experience in product development and customer management. This has enabled us to develop strong responsiveness capabilities and establish a stable and long-term customer base.

Going forward, leveraging our high-quality customer resources, we will further enhance our insights into regional market trends and end-consumer preferences, and continuously strengthen our R&D innovation and rapid product development capabilities, so as to deliver more innovative, adaptable and commercially valuable products to global consumers through our customers.

Strengthening brand development to enhance our global brand influence

To further strengthen our competitive position in the global flooring industry, we will leverage our established reputation and quality credibility in global markets to steadily advance the globalization of our OBM business, driving the transition from "Made in China (中國製造)" to "Intelligent Manufacturing in China + Chinese Brands (中國智造+中國品牌)". While maintaining our strong ODM business, we will extend the product trend insights, customized development capabilities and quality management experience accumulated through long-term service to global customers into our own-brand development. Through this approach, we aim to continuously enhance our global brand influence, consolidate our competitive advantages in engineered flooring exports, and strengthen our positioning in the high-end segment of the industry.

Strengthening talent development to support high-quality sustainable development

We continuously optimize our talent structure and advance our internationalization strategy, with a focus on attracting and developing globally competitive professionals in marketing, product innovation, R&D, intelligent and flexible manufacturing and global supply chain management. Through equity incentive schemes and other long-term incentive mechanisms, we continuously attract and retain top-tier talent, while leveraging a merit-based selection mechanism to enhance organizational efficiency and performance. These efforts collectively strengthen our execution capabilities and support the Company's high-quality and sustainable development.

OUR BUSINESS MODEL

During the Track Record Period, we focused on research and development, design, manufacturing and sales of PVC flooring products, including SPC, WPC and LVT flooring products, wood flooring products, including laminate and engineered wood flooring products, and other products.

We primarily operate under an Original Design Manufacturer ("**ODM**") model, supplemented by an Original Brand Manufacturer ("**OBM**") model, allowing us to leverage diverse market opportunities. In managing our ODM business, we manufacture and sell customized products based on designs independently developed by us in accordance with customers' specific requirements. In managing our OBM business, we design, manufacture and sell our products with our own brand names, primarily including "BBL BBL", "Beier Flooring 贝尔地板", "IBF IBF",and "IBF Quanpin IBF全品". We benefit from this dual-approach business operation that enables us to effectively identify and capture business opportunities across different geographic markets or consumers with diversified pricing and/or product preferences, while continuously aligning our product design, technology R&D and manufacturing techniques with stringent requirements of overseas customers with strong global influence. The following table sets forth a breakdown of our total revenue by ODM and OBM models for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
ODM	1,765,829	76.9	1,963,396	83.3	2,223,398	87.9
OBM	531,800	23.1	392,872	16.7	307,150	12.1
Total	**2,297,629**	**100.0**	**2,356,268**	**100.0**	**2,530,548**	**100.0**

OUR PRODUCTS

During the Track Record Period, we derived revenue primarily through manufacturing and sales of (i) PVC flooring products, primarily SPC, WPC, and LVT flooring products, (ii) wood flooring products, primarily laminate and engineered wood flooring products, and (iii) other products. These products are widely used in residential, commercial, and office environments, featuring eco-friendliness, durability, and aesthetic appeal. Our diversified product portfolio is designed to address a broad range of application scenarios and consumer needs, covering different market segments and consumer groups across mass-market, premium and ultra-premium product categories. The following table sets forth a breakdown of our total revenue by our main products for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PVC Flooring Products	**1,476,569**	**64.3**	**1,692,999**	**71.9**	**1,985,521**	**78.4**
SPC Flooring Products	1,303,960	56.8	1,494,314	63.4	1,719,458	67.9
WPC Flooring Products	100,204	4.4	95,485	4.1	150,339	5.9
LVT Flooring Products	72,405	3.1	103,200	4.4	115,724	4.6
Wood Flooring Products	**718,963**	**31.3**	**585,967**	**24.8**	**477,123**	**18.9**
Laminate Flooring Products	377,414	16.4	387,455	16.4	335,681	13.3
Engineered Wood Flooring Products	341,549	14.9	198,512	8.4	141,442	5.6
Others*	**102,097**	**4.4**	**77,302**	**3.3**	**67,904**	**2.7**
Total	**2,297,629**	**100.0**	**2,356,268**	**100.0**	**2,530,548**	**100.0**

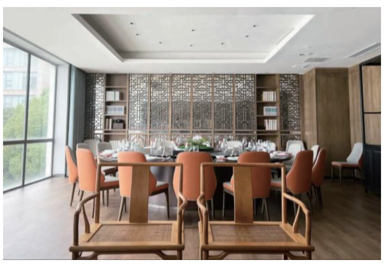
*Note: * Others primarily include accessories, wall panels and other flooring products.*

Our products can be widely applied in various application scenarios:

Residential Housing

High-end Residential Housing

Apartments

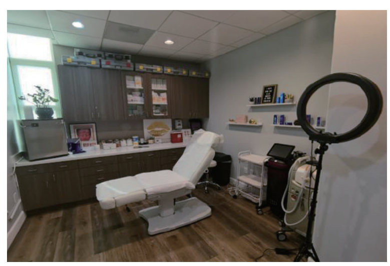


Hotels

Elderly Care Centers

Art Centers

Schools



Medical Clinics

Gymnasiums

The following table sets forth a breakdown of our sales volume and average selling price of our main products for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	million m^2	*RMB per m^2*	*million m^2*	*RMB per m^2*	*million m^2*	*RMB per m^2*
PVC flooring products						
SPC flooring products	22.4	58.2	25.6	58.4	31.0	55.4
WPC flooring products	1.2	81.6	1.1	89.7	1.6	94.1
LVT flooring products	1.9	37.2	2.7	38.6	3.0	38.0
Wood flooring products						
Laminate flooring products	7.5	50.2	7.8	49.4	6.8	49.6
Engineered wood flooring products	3.4	100.2	2.1	95.2	1.3	106.2

PVC Flooring Products

PVC flooring is a flooring product primarily made from polyvinyl chloride (PVC) resin through calendering and extrusion processes. Our PVC flooring products are manufactured using high-quality PVC resin and environmentally friendly additives. During the Track Record Period, PVC flooring products represented our principal product category, and primarily consisted of SPC, LVT and WPC flooring products.

Our PVC flooring products are characterized by environmental sustainability, stable performance, safety, aesthetic appeal, durability, ease of installation and maintenance, and broad application versatility, and have obtained multiple internationally recognized certifications.

- ***Environmental sustainability.*** Our PVC products are formaldehyde-free, with strict control over the release of harmful substances throughout both raw material selection and the manufacturing process, and are designed to meet mother-and-baby grade environmental standards, ensuring the health and well-being of participants across production, supply chain and end-use stages. In addition, our PVC products do not require the consumption of natural resources such as timber and are recyclable, thereby reducing reliance on natural resources and supporting sustainable development.
- ***Product performance.*** Our PVC flooring products offer various advantages, including waterproof and moisture-resistant properties, wear and impact resistance, fire resistance and ease of maintenance. These products are able to resist deformation and mildew under humid conditions, while specially treated surfaces enhance durability and impact resistance. In addition, our PVC flooring products meet B1 fire resistance standards and are manufactured under strict controls over harmful substance emissions, making them suitable for application scenarios with high environmental and safety requirements.
- ***Product design and application***. Our PVC flooring products are capable of realistically replicating the appearance and texture of natural materials such as wood and stone, and offer a wide range of decorative patterns and surface finishes to accommodate different interior design styles and spatial requirements. In addition, these products adopt click-lock or glue-free installation systems for convenient installation, are compatible with underfloor heating systems, and are widely used in residential, commercial and other diversified application scenarios.

The following image illustrates representative surface design patterns of our PVC flooring products.

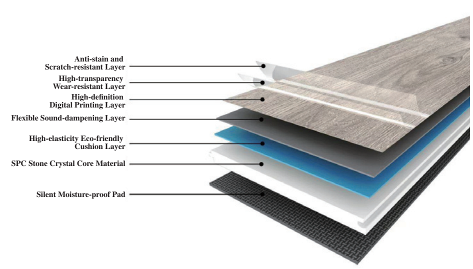
SPC Flooring Products

Our SPC flooring products represent our core product offerings within the PVC product category. Made from a new-generation rigid vinyl composite material, our SPC flooring products reflect our key technological strengths and deliver superior stability, durability and environmental performance through advanced calendering and extrusion processes. Our SPC flooring products are engineered with high density and advanced dimensional stability, with a thickness ranging from 3.4 millimeters to 8.0 millimeters, resulting in enhanced impact resistance, antibacterial and hygienic performance, as well as long-term consistency in product quality with a natural appearance comparable to stone materials.

Environmental responsibility is a fundamental consideration in the design and production of our SPC flooring products. Our SPC flooring is manufactured from PVC resin powder and natural calcium carbonate through a high-temperature hot-pressing process without the use of glue or formaldehyde-containing materials, thereby reducing volatile organic compound (VOC) emissions and contributing to a safer indoor environment with ultra maternity-and-infant-grade environmental performance. The materials used are recyclable and comply with relevant environmental standards, reflecting our commitment to sustainable and eco-friendly manufacturing practices. In addition, our SPC flooring features full-body waterproof performance, enabling broad applications across kitchens, bathrooms, balconies and other moisture-prone environments.

With user experience in mind, our SPC flooring also incorporates comfort-oriented features. It offers strong impact resistance and waterproof performance while providing a soft and comfortable underfoot feel. Its refined textures, resilient performance and aesthetic appeal make it suitable for residential, commercial and public spaces where durability and design are equally valued. Positioned in the mid-to-high-end segment of the flooring market, our SPC flooring products have become one of the mainstream and best-selling PVC composite flooring materials in recent years, driven by their material innovation, environmental advantages and broad application prospects.

The following image illustrates representative application scenarios of our SPC flooring products, and illustrative structural diagram of our SPC flooring products.



In addition to traditional SPC flooring products, we have also developed a series of innovative SPC-based products to address diversified application scenarios and evolving customer preferences. Such products primarily include Acoustic SPC flooring, which integrates acoustic underlayment materials with SPC rigid core structures to enhance sound absorption, noise reduction performance and underfoot comfort; Lightweight SPC (LSPC) flooring, which utilizes foaming processes to reduce product weight and improve elasticity while maintaining the original physical and chemical properties of SPC flooring; and extruded polymer composite (EPC) flooring, which adopts an in-line three-layer laminated structure through extrusion-based compounding processes to enhance structural stability and user experience in thicker-format products. Through such continuous product iteration and process innovation, we are able to further expand the application scope and functional features of SPC flooring products across residential, hospitality, educational and other indoor application scenarios.

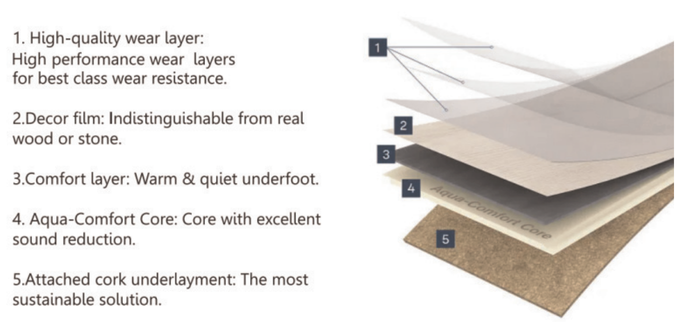
WPC Flooring Products

WPC flooring is a new-generation PVC composite flooring product primarily composed of a coating layer, wear layer, decorative film layer, PVC intermediate layer and WPC core layer. By incorporating a certain proportion of foaming agents into the core layer, WPC flooring achieves a lighter product structure that facilitates transportation and installation. Certain WPC flooring products are also equipped with an additional backing layer to further enhance acoustic insulation and noise reduction performance. Our high-performance WPC flooring products represent our premium product portfolio and are developed based on advanced wood-plastic composite technology combined with high-performance polymer materials, delivering both aesthetic appeal and superior functional performance. Leveraging this composite structure, our WPC flooring products, with thicknesses ranging from 5.0 millimeters to 12.0 millimeters, are designed to provide enhanced durability, comfort and design versatility suitable for a broad range of application scenarios.

As industry demand for environmental sustainability, structural stability and lightweight flooring solutions continues to increase, we have continuously strengthened our technical expertise in WPC flooring formulation design and manufacturing processes, while further optimizing our product structures and material systems. Our current WPC flooring products utilize wood-free foamed polymer core layers, which combine environmental sustainability, zero-formaldehyde characteristics and lightweight performance with the natural appearance and texture of traditional wood flooring. In addition, such products offer enhanced dimensional stability, underfoot comfort and resistance to deformation.

Positioned as a premium flooring solution, our WPC flooring products primarily target consumers seeking both design aesthetics and long-term durability. Benefiting from their natural appearance, environmentally sustainable material profile and comfort-oriented product performance, our WPC flooring products have become one of the preferred choices among premium flooring solutions.

The following image illustrates representative application scenarios of our WPC flooring products, and an illustrative structural diagram.



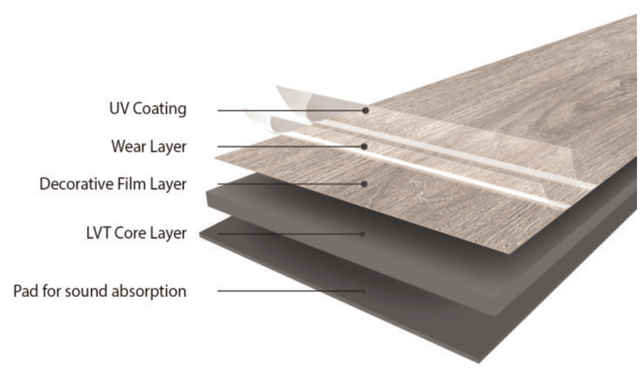
LVT Flooring Products

LVT flooring products represent one of the most established categories within the PVC flooring industry, having demonstrated decades of reliable performance since their introduction in the 1970s and 1980s. Leveraging our extensive production experience and continuous process improvements, we have optimized our product formulations and strengthened our quality control systems to ensure stable performance, durability and consistent product output.

Our LVT flooring products are designed to balance functionality, installation efficiency and user comfort, and we continuously engage in product and process innovation to enhance product performance and user experience. In terms of functionality and installation efficiency, flooring products with a thickness ranging from 2.0 millimeters to 3.0 millimeters primarily adopt mainstream bevel-edge designs and are installed using adhesive fixation methods, while products with a thickness above 3.0 millimeters increasingly incorporate click-lock systems, enabling glue-free installation and significantly improving installation efficiency. In terms of user experience, our LVT flooring offers environmental friendliness, slip resistance, waterproof performance and reliable ease of maintenance. With strong elasticity and resilience, our LVT flooring provides comfortable underfoot support and practical everyday usability. In addition, through continuous innovation in product design, surface treatment, structural optimization and manufacturing processes, together with our streamlined and mature manufacturing capabilities, we are able to deliver products with consistent quality at competitive prices.

As a cost-efficient flooring product with well-balanced performance characteristics, our LVT flooring products leverage mature manufacturing technologies, stable and reliable product performance, and strong adaptability across a wide range of residential and commercial applications. As a result, they continue to maintain steady demand and broad market acceptance in both domestic and international markets. Amid the increasing market penetration of SPC and WPC flooring products, our well-established LVT flooring products, characterized by strong cost-performance advantages, continue to maintain a solid competitive position within their respective market segment, while further enhancing and complementing our diversified product portfolio.

The following image illustrates representative application scenarios of our LVT flooring products, and an illustrative structural diagram.



Wood Flooring Products

Laminate flooring products

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

Our laminate flooring products are engineered to combine the visual appeal of natural wood with enhanced functional attributes. Utilizing high-definition surface printing technology, our products deliver realistic textures and natural color depth comparable to solid wood flooring. The application of sapphiregrade wear-resistant coatings and anti-distortion treatments enhances surface durability and clarity, while the elastic acoustic underlay improves sound insulation and provides a comfortable underfoot experience. In addition, our laminate flooring products are manufactured using high-density core materials and high-quality wear-resistant surface layers, providing enhanced structural stability, scratch resistance, wear resistance and resistance to moisture-related deformation. We have also developed waterproof laminate flooring products with enhanced moisture resistance and sealing technology to improve product stability and service life.

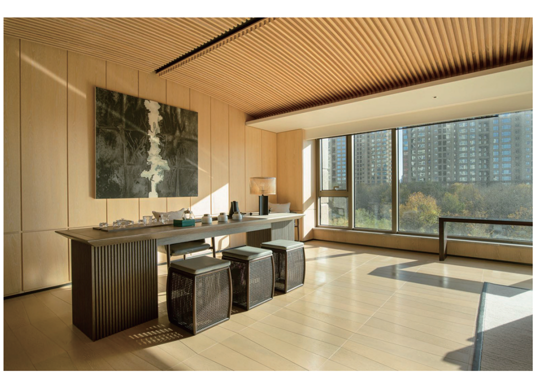
The following image illustrates representative application scenarios of our laminate flooring products, and an illustrative structural diagram.

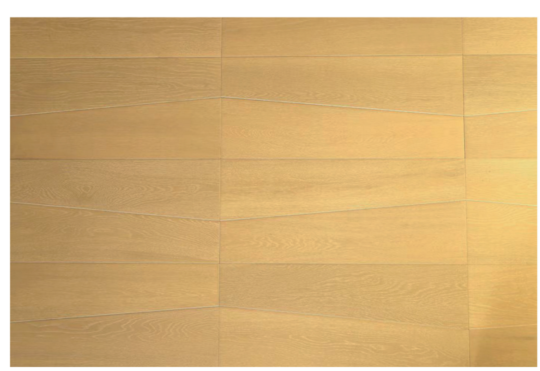
Engineered wood flooring products

Our engineered wood flooring products are designed to combine the natural aesthetics of solid wood with enhanced structural stability and durability. Utilizing a cross-layered multi-ply wood construction, our products effectively reduce internal stress and deformation, making them suitable for various indoor environments, including underfloor heating applications. The surface layer is finished with premium natural wood veneer, preserving the authentic texture and visual appeal of hardwood while providing a comfortable underfoot experience.

Our engineered wood flooring products are manufactured with UV coating technology and six-side sealing treatment to enhance moisture resistance, scratch resistance and ease of maintenance. The products are formulated using environmentally friendly adhesives with low formaldehyde emissions and comply with E0-grade environmental standards. In addition, selected products are equipped with specialized locking systems for convenient installation and tight joint connection, enabling broad application across residential, hospitality and commercial settings.

The following image illustrates representative application scenarios of our engineered wood flooring products, and an illustrative product diagram.



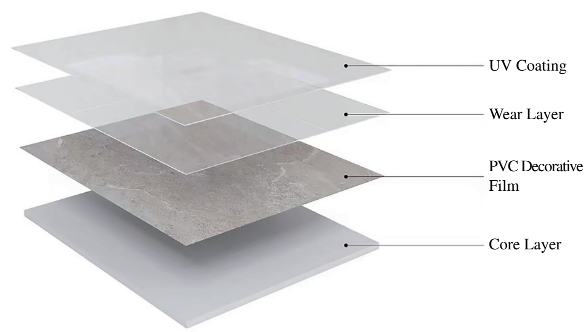


Other Products

In the course of our development, we have also expanded our product application scenarios beyond flooring through the introduction of wall panel products.

Our SPC wall panel products are designed as integrated interior wall decoration materials for residential, hospitality, office and commercial applications. These products are primarily manufactured from calcium carbonate and polymer resin through high-temperature pressing processes, which help minimize formaldehyde and other harmful substance emissions at the source and enable compliance with stringent environmental standards. The products adopt a multi-layer composite structure to enhance overall stability and durability, while featuring surface layers with scratch resistance, stain resistance and anti-yellowing properties to facilitate convenient daily cleaning and maintenance. In addition, our SPC wall panels utilize high-definition decorative texture technology to replicate the appearance of wood grain, stone textures and other surface finishes to accommodate various interior design preferences, and are installed through locking systems to improve installation efficiency and joint stability, making them suitable for diversified integrated interior decoration applications.

The following image illustrates a representative example of our SPC wall panel products, and an illustrative structural diagram.



In addition, our acoustic wall panels are designed to combine decorative aesthetics with sound absorption and noise reduction performance. The products generally incorporate acoustic materials and structural designs that help reduce sound reflection and improve indoor acoustic environments, making them suitable for residential, office, hospitality, educational and other indoor applications with higher acoustic performance requirements. Our acoustic wall panels feature decorative surface finishes capable of replicating wood grain and other texture effects to accommodate different interior design styles. The products are also designed for convenient installation and stable structural connection, enabling efficient application across diversified integrated interior decoration scenarios.

In response to global environmental trends and the upgrading demand in the European market, we have launched an eco-friendly PP (polypropylene) flooring product. The product is made from food-grade materials and offers advantages in sustainability and recyclability. It also maintains strong structural stability and practical performance, effectively addressing the growing demand for sustainable building materials in overseas markets.

RESEARCH, DEVELOPMENT AND DESIGN

We believe our commitment to R&D and design is the cornerstone of our growth and strategy and a key driver of our competitive strength. In 2023, 2024 and 2025, we incurred R&D expenses of RMB51.7 million, RMB50.8 million and RMB53.0 million, respectively, accounting for 2.3%, 2.2% and 2.1% of our total revenue in the same year. For a breakdown of our research and development expenses, please see "Financial Information — Description of Certain Consolidated Statements of Profit Or Loss And Other Comprehensive Income Items — Research and Development Expenses" in this document.

Our R&D Capability and Commitment

We believe maintaining a dedicated and stable team of talents in R&D is important to the enhancement of our technology and product offerings. We have built a well-structured R&D team with clearly defined roles, closely aligned with our operational strategy, to ensure we remain responsive to evolving market demands.

Our R&D team consisted of 98 members as of December 31, 2025, including senior experts and engineers with many years of experience in research, development, design and/or manufacturing within the flooring industry. Their expertise enables us to improve the performance of existing products, expand and diversify our product offerings, and reinforce our innovation-driven competitiveness in the flooring industry.

Our R&D and Design Centers

We operated R&D centers in Changzhou, where our headquarters are located to support our continuous product innovation and technological advancement across flooring materials, manufacturing processes and product applications.

We also operate R&D centers in the U.S. and Vietnam, focusing on product appearance design, including colors, textures and surface finishes. By continuously collecting aesthetic preferences and design trends across different countries and regions, we regularly drive iterative upgrades of our product series.

Our Key Technology Highlights

Below sets forth our key technology highlights:

Digital printing technology. We utilize high-end scanning equipment to achieve high-fidelity restoration of natural material textures. These textures are then transformed through professional design into industrial patterns that combine aesthetic appeal with current design trends. Using environmentally friendly and efficient UV digital printing technology, we enable small-batch, zero- volatile organic compounds, and highly customized production. This integrated solution provides customers with realistic, green, and fast decorative solutions.

Acoustic insulation SPC flooring technology. This technology is designed to deliver dual noise reduction performance. It effectively reduces airborne impact noise from walking and significantly minimizes vertical sound transmission between floors, making it suitable for high-rise residential applications. This technology utilizes a multi-layer composite structure, including an integrated acoustic underlayment in the middle layer and an additional cushioning layer at the bottom, combined with a highly elastic surface layer. The synergistic effect of these layers enables superior sound insulation performance and a quieter living environment.

PVC Flooring ABA Foaming Co-extrusion Technology. This technology adopts an ABA three-layer structure featuring PVC layers on the upper and lower surfaces and a foamed middle layer. Through optimization of substrate formulations, co-extrusion equipment and cooling calibration roller control, the Company is able to manufacture ABA-structured PVC flooring products with varying densities and thicknesses. Compared with traditional products, flooring manufactured using this technology offers lighter density, at approximately 70% of that of conventional products, improved sound insulation performance, enhanced dimensional stability under high temperatures, improved scratch resistance and wear resistance, broader functional features, including optional anti-stain, antibacterial, anti-mildew and negative ion functionalities.

Advanced Functional Composite Flooring Technology: This technology platform integrates antibacterial, scratch-resistant, wear-resistant, waterproof and fire-resistant process technologies to enhance the overall performance and application scope of composite flooring products. Through innovations in material formulation, coating technology, substrate structure and composite manufacturing processes, this technology improves antibacterial effectiveness, surface hardness, wear resistance, waterproof performance, structural stability and fire resistance, while also reducing emissions of formaldehyde and other harmful substances. Compared with conventional flooring products, composite flooring products manufactured using this technology generally offer enhanced durability, environmental performance, thermal insulation, coating adhesion and product lifespan, while addressing common shortcomings associated with traditional flooring products, including insufficient scratch resistance, limited waterproof performance, susceptibility to deformation and inadequate fire and smoke suppression performance.

Advanced Polypropylene Flooring Technology. Through our expertise in polypropylene flooring modification technology, impact-resistance technology, antibacterial and environmentally sustainable technology, as well as specialized preparation processes, we are able to utilize low-density modified polypropylene materials as a substitute for traditional PVC composite materials in flooring substrates. By applying specialized manufacturing processes, the substrate is tightly bonded with the decorative, wear-resistant and scratch-resistant layers, enabling polypropylene flooring products to achieve not only diversified aesthetic designs, but also excellent adhesion performance, dimensional stability, mechanical strength, and resistance to shrinkage and warping, thereby addressing evolving market and consumer demands. In addition, this technology shortens the production cycle of composite flooring products while simplifying operational procedures and reducing labor requirements compared with traditional manufacturing methods. The resulting products exhibit lower thermal warping, reduced secondary deformation and a lower defect rate, further enhancing manufacturing efficiency and product quality consistency.

Our Product Development Process

Our research and development are market-driven and deeply integrated with customer needs. Leveraging years of experience in the flooring industry, we have formed a structured yet flexible research and development mechanism. The general steps of our research and development process are as follows:

Our Collaborative R&D

In addition to our in-house research and development efforts, we collaborate closely with academic institutions. We engage with prominent material science and engineering experts to provide us with technical training, while we share our industry knowledge and practical experience. We also submit potential new materials to these academic experts for laboratory testing, the results of which are jointly reviewed and discussed. Furthermore, we have entered into technology development agreements with academic institutions for the development of innovative materials for our flooring products. Through these collaborations, we enhance our R&D capabilities, accelerate the commercialization of new solutions and continuously improve the performance, durability and sustainability of our product offerings.

Our Ongoing R&D Projects

We strategically initiate R&D projects based on market and production demands to support business growth. As of December 31, 2025, our key ongoing R&D projects are as follows:

No.	Project name	Targets	Current status
1	Eco-friendly PET Flooring	Dedicated to developing a halogen-free, eco-friendly, low-carbon, lightweight and recyclable PET flooring to meet the demand for flooring materials across various sectors including residential and commercial applications. Meanwhile, through the use of PET waste recycling and other technologies, significantly reduce raw material costs while ensuring excellent product performance, thereby enhancing market competitiveness.	Under pilot testing
2	Eco-friendly PET Flooring	Eliminate formaldehyde emissions at the source by adopting new adhesives and optimizing waterproofing processes, while endowing the flooring with outstanding moisture and water resistance, thereby developing innovative products that meet the dual demands of health and durability in the high-end market.	Pilot testing completed and ready for mass production

PRODUCTION

Our Production Bases

During the Track Record Period, we manufactured our products at our production facilities in Changzhou, China, which is located at the same address as our headquarters, and Quang Ninh, Vietnam. As of December 31, 2025, our production facilities in Changzhou, China and Quang Ninh, Vietnam covered a GFA of approximately 91,000 square meters and 70,000 square meters, respectively, equipped with industry-leading production equipment.

Our production base in Changzhou, China was established in 2019, and its factory has a GFA of approximately 91,000 square meters. In addition, to capture business opportunities brought up by favorable development in global economy and related policies, including China's Belt and Road initiative and policies in favor of manufacturers expanding overseas, we strategically established a production base in Quang Ninh, Vietnam, which commenced commercial operations in 2023, with a GFA of approximately 70,000 square meters. Our Vietnam plant enjoy convenient logistics conditions for sales to overseas clients, including those located in the U.S. and Europe. Our quick deployment of manufacturing capacity and rapid expansion of production volume at our Vietnam plant exhibits our strong competitiveness in terms of replicating successful operations across geographic regions, as well as high standard and smart manufacturing capability. This global-wise production layout allows us to efficiently mitigate risks associated with operations in one place, by being able to flexibly allocate production resources, further enhancing the resilience of our supply chain and market competitiveness.

Our Production Capacity

The table below provides details of our production capacity, production volume and utilization rate of each of our production facilities for the year indicated:

	For Years Ended December 31,								
	2023			2024			2025		
	Production Output	Production Capacity (1)	Utilization Rate (2)	Production Output	Production Capacity (1)	Utilization Rate (2)	Production Output	Production Capacity (1)	Utilization Rate (2)
	(M^2,000)	*(M^2,000)*	*%*	*(M^2,000)*	*(M^2,000)*	*%*	*(M^2,000)*	*(M^2,000)*	*%*
Changzhou Production Base									
PVC flooring products.	21,050	31,240	67.4	19,550	27,720	70.5	15,730	22,440	70.1
Wood flooring products	7,430	9,610	77.3	6,610	9,610	68.8	5,920	7,690	77.1
Subtotal	**28,480**	**40,850**	**69.7**	**26,150**	**37,330**	**70.1**	**21,660**	**30,120**	**71.9**
Vietnam Production Base									
PVC flooring products.	1,060	4,580	23.1	7,130	13,210	54.0	15,620	19,780	79.0
Wood flooring products	–	–	–	–	–	–	260	210	12.4
Subtotal	**1,060**	**4,580**	**23.1**	**7,130**	**13,210**	**54.0**	**15,880**	**21,870**	**72.6**

Notes:

(1) The production capacity of a certain product category = Σ (Capacity of each individual production line)
The production capacity of a single production line = Average hourly production capacity × Daily working hours × Working days per month × Number of months

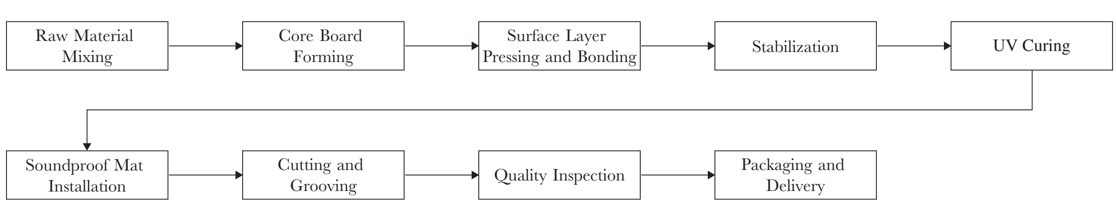
(2) Utilization rate = Production output/Production capacity

Our Production Equipment

The equipment and machinery we use for manufacturing are all owned by us, mainly including extrusion, UV coating, grooving, crushing, hot pressing, impregnation, board sawing and reinforced grooving equipment. Our machinery and equipment are depreciated with useful life ranging from 3 to 10 years. For details of the depreciation of our equipment and machinery, see Note 14 to the Accountant's Report included in Appendix I to this document.

Our Production Process

Principal steps of the production process generally applicable to our PVC flooring products are as follows:



- ***Raw Material Mixing.*** Accurately weigh primary materials such as resin powder, calcium carbonate and stabilizers according to predetermined formulations, and feed them into mixing equipment for high-speed blending to form a pre-plasticized compound ready for staging.
- ***Core Board Forming.*** Feed the pre-plasticized compound into the extruder and die tooling to form a core board with stable thickness and density.

- ***Surface Layer Pressing and Bonding.*** The wear-resistant layer and decorative layer are hot-pressed onto the core board through high-temperature, high-pressure lamination, followed by surface finishing treatments.
- ***Stabilization.*** The hot-pressed boards are stacked, conditioned and tempered to release internal stress and ensure dimensional stability.
- ***UV Curing.*** UV curing coating is roller-applied to the stabilized panel surface.
- ***Soundproof Mat Installation.*** A soundproof mat is installed beneath the panels to reduce impact noise and airborne noise.
- ***Cutting and Grooving.*** The panels are cut into flooring planks of required specifications, and locking grooves are milled around all four edges, allowing seamless interlocking installation.
- ***Quality Inspection.*** Each finished plank undergoes surface and assembly fit inspections to ensure compliance with factory standards.
- ***Packaging and Delivery.*** The products are boxed, palletized and prepared for storage or shipment.

The entire production process for our products generally takes four to seven weeks. All the steps in our production process are conducted in compliance with applicable GMP requirements in order to ensure every step is controllable and inspectable. We have implemented quality management systems as part of our manufacturing process. See "– Quality Control Standards" in this section.

Alternative Manufacturing Arrangement

When our internal production capacity reaches its designed limits or when additional flexibility is required to meet customer demand, we may adopt alternative manufacturing arrangements with selected third-party manufacturers to supplement our production capacity. During the Track Record Period, production under such arrangements represented an insignificant portion of our total production volume. Under such arrangements, we retain control over product design, specifications and key technical parameters, while third-party manufacturers are responsible for producing finished products in accordance with our requirements and agreed standards and schedules. We generally compensate such manufacturers based on agreed pricing arrangements, which may be determined on a unit-rate or cost-plus basis, taking into account labor, overhead and agreed margins.

We select our manufacturing partners based on criteria including production capability, quality control standards, regulatory compliance record, cost competitiveness and delivery reliability, and we conduct due diligence and periodic performance evaluations. Products manufactured under such arrangements are subject to our quality control procedures, including sample testing, on-site inspections and acceptance checks before shipment. Our agreements with such manufacturers typically contain provisions relating to intellectual property protection, confidentiality and non-disclosure, under which all product designs, technical know-how and trademarks remain our property. We further safeguard our intellectual property through internal control policies and regular employee training programs. These arrangements also set out the allocation of responsibilities for product quality, delivery delays, defects and indemnification, although we may remain subject to customer claims in the event that such products fail to meet applicable standards.

QUALITY CONTROL STANDARDS

We place great emphasis on quality control across all stages of our operations. We have established a comprehensive set of internal quality control standards and built a well-developed quality management and product traceability system that covers procurement, R&D, production, and sales processes. As of December 31, 2025, we have obtained certifications for ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management System), and ISO

14001 (Environmental Management System). We rigorously adhere to the relevant standards and documentation throughout the process, from R&D to after-sales service, to effectively manage potential quality risks.

We have collaborated with Zero Defects and Danaher to enhance our quality control capabilities. In addition, we have obtained a series of internationally recognized certifications for our flooring products, including the Conformité Européenne (CE) certification of the European Union, Regulatory Compliance Mark (RCM) of Australia and New Zealand, and Supply Chain/Sustainability/Specified Standard Certification (SSC) as required by specific markets or customers, which indicates that our products meet essential health, safety, and environmental protection requirements applicable to flooring materials and are eligible for sales in multiple regions. We undergo annual audits for these certifications, and all our certifications remain valid as of the Latest Practicable Date.

We have established a dedicated quality inspection department responsible for overseeing and managing our quality control system across the entire production process, including the inspection and quality control processes for raw material, semi-finished parts, and finished products and the inspection and testing processes for finished products in our laboratory. The department's key functions include quality planning, raw material inspection, in-process quality control, finished product inspection, data analysis, customer complaint handling, and continuous quality improvement. All inspection reports are prepared by qualified laboratory inspectors with over 10 years of industry experience and are reviewed and approved by the quality inspection department manager, who reports directly to our general manager. We have also established regular calibration and verification procedures for our inspection equipment to ensure the accuracy of our product inspection data.

WAREHOUSE AND LOGISTICS

For the storage of our finished ODM and OBM products in China and overseas, we operate a combination of owned and leased warehouses in China and Vietnam, as well as leased warehouses in the U.S.

We primarily rely on third-party service providers to deliver our products to overseas customers, and marine transportation is the principal mode through which our products are shipped. We cooperate on a regular basis with leading shipping companies and, leveraging our significant shipment volume, we are able to negotiate favorable freight terms. In order to further stabilize freight costs and strengthen the resilience of our supply chain, we have established direct cooperation arrangements with major ocean freight service providers.

We adopt three principal delivery models for our overseas shipments, namely Free on Board (FOB), Delivered Duty Paid (DDP), and Delivery Order Service (DOS), depending on customer requirements: (i) Under the FOB model, we are responsible for arranging domestic transportation and bearing related costs up to the point the goods are loaded onto the vessel at the designated port of shipment, at which time the risk transfers to the customer; (ii) under the DDP model, we provide end-to-end delivery services and bear all logistics costs and risks until the goods are delivered to the customer's designated location; (iii) under the DOS model, we arrange delivery of the products to the customer's designated factory or premises in the relevant overseas market, in accordance with the customer's instructions.

INVENTORY MANAGEMENT

Our inventories mainly comprise raw materials, finished products and semi-finished products. To efficiently manage our inventory, we have implemented an advanced System Applications and Products ("**SAP**") system that records incoming and outgoing materials and supplies through real-time system postings on a regular basis. This allows us to monitor inventory in real time, generate reports on inventory movements and performance, and ensure synchronization between inventory and financial data, ultimately assisting us to maintain an optimal inventory level to meet our customer demand, reduce inventory waste, and avoid holding obsolete inventory. Even in the event of order cancellations, most materials are interchangeable and can be repurposed, reducing the likelihood of excess stock. Additionally, if there are product development changes, our procurement team ensures that existing inventory is fully utilized before transitioning to new materials or components.

As of December 31, 2023, 2024 and 2025, our inventory amounted to approximately RMB368.2 million, RMB343.6 million and RMB353.9 million, respectively. We produce finished products on an order-oriented basis, and our ability to effectively manage our inventory can significantly impact our profitability, results of operations and financial condition. As a result of our ongoing efforts to optimize inventory management, we maintained efficient inventory turnover during the Track Record Period. In 2023, 2024 and 2025, our inventory turnover days were 63 days, 73 days and 67 days, respectively, which were lower than the industry average, according to Frost & Sullivan.

SALES AND MARKETING

ODM Sales and Marketing Arrangement

During the Track Record Period, our ODM sales were primarily directed towards overseas markets. Our major ODM customers included recognized international and regional brand owners and retailers. When seeking new ODM customers, we take a strategic approach, carefully selecting potential partners whose business models and growth plans align with ours. This allows us to efficiently allocate resources and ensure that any new collaborations are synergistic and support the long-term goals of both parties. By maintaining this focused approach, we continue to strengthen our position in the market while delivering high-quality products tailored to our customers' needs.

In the ODM process, we primarily adopt a direct sales model and have established long-term and stable cooperative relationships with flooring brand merchants. Upon receiving purchase orders from our customers, our international marketing department, together with our production planning department, reviews the product models and delivery schedules. We independently complete the product development and design based on the specific parameters, product models and other information set out in the purchase orders, and commence mass production after samples have been prepared and confirmed by our customers. After completing the manufacturing process, we deliver the finished products to customs for declaration and ship them to the overseas ports designated by our customers. We collaborate closely with our ODM customers to gain a thorough understanding of their vision and requirements for the final products, allowing us to transform their insights into tangible product designs. In addition, we conduct routine visits and discussions with our ODM customers to determine and, from time to time, adjust our marketing and sales strategies. In determining our expected sales and pricing, we take into account various factors, including expected market competition and development trends, the historical purchasing and sales performance of relevant customers, as well as our long-term strategies, which shall also align with our overall liquidity management policies, R&D and production schedules, and sustainable development planning.

The sales agreements with our ODM customers generally contain salient terms as follows:

- ***Specifications and quality of the products***. Agreements set out detailed product specifications, including product type, dimensions, wear layer, core composition, surface finish and packaging. Final production is typically subject to customer confirmation of samples or approved technical drawings.
- ***Delivery***. We are usually responsible for delivering the goods to the location designated by the customers.

- ***Price***. Some of our sales agreements specify the prices and others specify the prices of the product in each purchase order in the case where the main sales agreement is a framework agreement.
- ***Payment Terms***. Customers typically pay a deposit upon order confirmation, with the balance settled prior to shipment or within an agreed credit period.
- ***Intellectual Property.*** Customer-owned trademarks, branding and proprietary designs remain the property of the customer, while we retain ownership of our pre-existing manufacturing know-how and technology.
- ***Confidentiality.*** We usually set confidentiality clauses with our customers, and such obligation shall continue to exist regardless of the revocation or termination of the agreement.

Case study

In 2023, one of our customers, a well-recognized flooring company in Canada, identified through its understanding of end-user application scenarios that the relatively weak thermal stability of conventional WPC flooring products had limited further market expansion. Through our discussions with this customer, we understood that it sought to develop a new flooring product with superior thermal stability and high installation tolerance. The product was intended to better address consumer preferences in Canada and the broader North American market, where extreme temperature fluctuations and complex subfloor conditions are common.

After fully understanding the customer's technical specifications and commercialization objectives, our marketing and R&D teams worked closely with this customer to carry out targeted product development. Leveraging our advanced ABA three-layer in-line co-extrusion technology platform, we implemented comprehensive customized enhancements to the product structure, material formulation and physical performance. These enhancements mainly included: (i) significantly improving thermal stability and structural strength through an innovative ABA three-layer composite structure, which effectively mitigated deformation issues caused by thermal expansion and contraction in conventional WPC products; (ii) enhancing the flexibility of the flooring panels, enabling a high tolerance for uneven subfloor conditions and substantially reducing installation risks such as locking system separation; and (iii) maintaining the product's waterproof and moisture-resistant properties while achieving a lighter-weight structure through formulation optimization, which reduced transportation costs and improved installation convenience. This new ABA flooring product received highly positive feedback from this customer's downstream distributors and end consumers. The successful commercialization of the product further strengthened our long-term strategic cooperation with the customer.

OBM Sales and Marketing Arrangements

We have established an integrated sales and service network for our OBM products covering more than 20 cities across Chinese Mainland through direct sales and distributors. In addition, we conducted overseas sales of our OBM products through wholesalers.

Set forth below is a breakdown of our revenue generated from different OBM sales arrangements during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales	449,033	84.4	290,168	73.9	204,698	66.6
Sales to wholesalers	51,432	9.7	74,270	18.9	83,303	27.1
Sales through distributors	31,335	5.9	28,434	7.2	19,149	6.3
Total OBM sales	**531,800**	**100.0**	**392,872**	**100.0**	**307,150**	**100.0**

Our distributors typically purchase products from us on a buy-sell basis and resell them to downstream customers. They are generally responsible for local marketing, customer relationship management, warehousing, logistics and after-sales services within their respective territories. Our revenue under distributorship is recognized at the time of sales to distributors.

The table below sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of active distributors at the beginning of the year [1]	294	305	282
Number of added active distributors	87	119	49
Number of inactive distributors [2]	76	142	148
Number of active distributors at the end of the year	305	282	183

1 *The number of active distributors at the beginning of a year equals the number of active distributors at the end of the previous year.*

2 *Inactive distributors refer to distributors that did not enter into any transactions with us and did not generate any revenue during the relevant years; however, such distributors may resume cooperation with us in subsequent periods and be reclassified as active distributors.*

As of the end of each year during the Track Record Period, the number of our active distributors decreased from 305 in 2023 to 282 in 2024, and further decreased to 183 in 2025, primarily due to certain distributors not having generated any actual transactions during the relevant years and therefore not being counted as active distributors. The cooperative relationships with such distributors remain valid and such distributors may resume cooperation with us in subsequent periods and be reclassified as active distributors.

We select our distributors based on a series of criteria regarding their credentials, capabilities and experience in the flooring industry. We also review the qualifications of our distributors to ensure that they possess the requisite business licenses and permits in their designated territories. Our distributorship agreements typically have a term of one year, which are renewable upon our review of our distributors' performance. In addition, we typically have an early termination right in our distributor agreements which enables us to terminate a distributorship relationship early if there is a material breach committed by the distributor as specified in the agreement.

Our sales and marketing personnel monitor, manages and supports the activities of our distributors to help ensure that they comply with our guidelines, policies and procedures. We conduct regular reviews of our distributors, based on their financial performance, business performance and regulatory compliance. Financial performance is primarily evaluated by credit records and business performance is primarily evaluated by sales performance, especially whether they meet the target order amount, and end customer feedback. We also review their compliance with applicable laws and regulations. Depending on our evaluation of their performance, we may terminate our cooperation with them or renegotiate the commercial terms in accordance with the distribution agreements.

We have adopted the following measures and policies to better manage the network of our distributors: (i) we require our distributors to make full payment when making the purchase orders; (ii) we generally do not require a minimum purchase amount for our distributors; (iii) our distributorship agreements generally do not stipulate return policies; and (iv) we require our distributors to comply with all relevant anti-corruption and anti-bribery laws and regulations and any breach of such laws and regulations would allow us to unilaterally terminate the underlying distribution agreements pursuant to the early termination right.

Standard terms of our distribution agreements are as follows:

- ***Sales Targets and Term***. Annual purchase/sales targets set (with monthly breakdown) for a fixed term; failure to meet targets entitles us to terminate.
- ***Single-brand Obligation***. Distributor restricted to selling only our flooring products within the authorized territory.
- ***Risk transfer and logistics***. Risk passes upon delivery or handover to carrier; distributor bears freight, insurance and related logistics costs.
- ***Rebate and incentive structure***. Tiered annual rebate system linked to purchase volume/value, with eligibility limitations and rebate credited post-achievement of targets.
- ***Operational and reporting obligations***. Distributor responsible for store development, unified branding, compliance with sales/installation processes, and provision of sales forecasts and market data.
- ***Termination***. We may terminate for non-compliance, failure to meet growth expectations or operational deficiencies.
- ***Intellectual Property***. Distributor granted a limited, non-exclusive right to use our trademarks and branding strictly within the scope of the agreement, subject to prior approval, and is prohibited from any unauthorized use, imitation or infringement; all rights automatically terminate upon expiry or termination, with continuing confidentiality obligations.
- ***Confidentiality***. Distributors need to follow obligations to protect confidential commercial and technical information during and after the term.

To the best of our knowledge, all of our distributors were Independent Third Parties and did not have any other relationship with us.

Sales and Marketing Team

Our sales and marketing teams are primarily responsible for building brand image and broadening our brand recognition. With our established sales and marketing teams and our experience in managing our comprehensive distribution network, we believe we are well positioned to expand the sales of our pipeline products.

As of December 31, 2025, our sales and marketing team comprised 189 members, with a hierarchical structure of regional director, manager, supervisor and specialist. We primarily recruit sales and marketing staff with relevant background and work experience. We offer regular training sessions for our newly recruited sales and marketing staff to develop their knowledge of our products, industry knowledge and sales skills. We have also built a specialized sales and marketing team well-versed in foreign trade, stationed across the U.S., Europe and Canada, to oversee our product sales overseas and implement regional management strategy to further promote overseas distribution.

Marketing Efforts

Our marketing efforts include:

- ***Industry Events and Trade Shows***. We actively participate in and host domestic and international industry events and trade shows to present our products, connect with potential customers and business partners, and reinforce our industry leadership. Our efforts in participating in these events serve as our primary customer acquisition channel.
- ***Digital and Content Marketing***. We maintain a strong online presence through our website, exhibitions, and a variety of international and domestic social media platforms, to share product information, awards, and certificates to raise market awareness and attract potential customers and business partners.

Pricing

We adopt a market-oriented pricing strategy, closely monitoring changes in the markets where we operate. Our pricing strategy aims to provide customers with competitive prices by considering a series of factors, including local customer demand and preferences, cost considerations, profit considerations, business development goals, market maturity level, economic development level, competitor pricing, and foreign exchange rates.

After-sales Services

For our ODM sales, we provide tailored after-sales services on a case-by-case basis to address the specific needs of each customer, thereby strengthening customer relationships and enhancing repeat purchase rates among our ODM customers. For our OBM sales, after-sales services are generally provided through our distributors in accordance with local market practices. For certain products or customer arrangements that require ongoing follow-up, we may directly oversee or coordinate after-sales support to ensure product performance and customer satisfaction.

Warranty and Product Return Policy

Our product return and exchange arrangements are generally determined on a case-by-case basis, taking into account the specific circumstances of each order and the nature of the products. The relevant terms, including return conditions, procedures and responsibilities of the parties, are typically set out in the underlying sales agreements with our customers. During the Track Record Period, there were no occurrences of material recalls or returns for our products, nor any material complaints regarding the quality of products we provide.

THIRD-PARTY PAYMENT ARRANGEMENT

We generally receive payments from our customers directly. In certain circumstances, payments may be made by third parties on behalf of our customers, including payments made by designated payors of overseas customers, and payments made by relatives of individual customers or enterprises controlled by such customers (the "**Third-Party Payment Arrangements**") . Such arrangements are primarily adopted for settlement arrangement purposes or convenience and flexibility to ensure efficient trade operations.

During the Track Record Period, third-party payments accounted for approximately 2.6%, 0.9% and 0.6% of our total revenue, respectively. According to Frost & Sullivan, such third-party payment arrangements are in line with industry practice. During the Track Record Period, no individual third-party payment customer made material contribution to our revenue.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any such payment arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any such customers to facilitate or incentivize such payment arrangements; and (iii) the pricing and payment terms of the agreements we entered into this arrangement were in line with the agreements with customers not involved in the third-party payment arrangement.

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

To manage risks associated with third-party payments, we have adopted internal control measures, including: (i) requiring supporting documentation evidencing the relationship between the payor and the relevant customer or the authorization for such payment arrangement; (ii) verifying the identity of third-party payors through our internal review procedures; and (iii) monitoring settlement records and maintaining supporting documents for inspection and audit purposes. Our Directors are of the view that such internal control measures are adequate and effective to monitor the risks associated with third-party payments.

We have implemented measures to cease third-party payment arrangements, and we intend to substantially cease accepting third-party payments prior to the **[REDACTED]**. Going forward, we will continue to strengthen and standardize our settlement management procedures and conduct payment collection in compliance with applicable laws, regulations and our internal policies.

TRANSFER-PRICING ARRANGEMENT

During the Track Record Period, we conducted our business operations through our Company, and our subsidiaries in Chinese Mainland, Hong Kong, Macau and several overseas jurisdictions including Vietnam, Singapore, and the United States. Our intra-group transactions primarily consisted of (i) the purchase and sale of finished goods, and (ii) provision of technology licensing and technical support services.

The Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"), which are generally followed by the relevant tax jurisdictions involved in the intra-Group transactions. According to the OECD Transfer Pricing Guidelines, the intra-group transactions should be on an arm's-length basis.

Separately, we have engaged an independent transfer pricing consultant to assist us to perform transfer pricing review whether our intra-group arrangements during the Track Record Period were conducted on an arm's length basis pursuant to the transfer pricing guidelines of the OECD. We utilized a variety of methods, primarily including: (i) transactional net margin method, which involves comparing the profit margin of the tested party to those of comparable independent companies; and (ii) comparable uncontrolled price method, which compares the pricing of the transaction arrangements against available market prices of same or similar uncontrolled transactions.

We concluded that the intra-group transfer pricing arrangements of the Group during the Track Record Period are in all material respects consistent with the arm's length principle as set out in the OECD Transfer Pricing Guidelines. The profit levels achieved by the major subsidiaries during the Track Record Period are generally aligned with their respective contributions to the Group's value chain, and the intra-group transactions were, overall, in compliance with the applicable transfer pricing regulations. Our Directors are of the view that, during the Track Record Period, (i) our intra-group transactions have been conducted in line with the arm's length principle under both OECD Transfer

Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in material respects, and (ii) the risk of our Group to facing material transfer pricing adjustments and consequent additional tax liability can be considered as low.

INFORMATION TECHNOLOGY

We believe that information technology is crucial for maintaining our competitive position. We utilize multiple information technology systems to manage various aspects of our operations, including but not limited to sales management, material procurement, production, quality control, inventory management, financial reporting, and human resources. Within our integrated information systems, we have multiple systems, including but not limited to ERP system and OA system throughout our business operations. our systems are of vital importance in coordinating among departments and quality control.

The functionality and stability of our information technology infrastructure are critical to our business operations. The IT department conducts system checks, data backups, system maintenance, and other activities to ensure the continuous operation of critical IT systems and facilities. During the Track Record Period and up to the Latest Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

DATA PRIVACY AND PROTECTION

We believe the storage and protection of our customer data and related information is crucial to us. We have implemented a comprehensive data security and protection system that provides security and protection over operation, technology and management. We continually develop and protect our information security infrastructure from multiple dimensions including the following aspects:

- **Data security.** We establish a set of protocols on data security including cloud storage, redundancy policies and backup policies to prevent accidental data loss. We also leverage encryption technology to ensure the authenticity, integrity and accountability of the data in our solutions.
- **Infrastructure physical security.** our information infrastructure has been deployed in professional public clouds, such as Huawei Cloud and Alibaba Cloud, which are advanced data centers in China, equipped with professional protection capacities in physical security, hardware security, software and network security.
- **Network security.** We have establish detection and defense equipment in critical locations to monitor and defend against cyberattacks. We arrange personnel to conduct network inspection, upgrade network structure and perform virus and vulnerability scans on a regularly basis.
- **Privacy protection.** We implement hierarchical protection of customer information and data, and apply privacy policies including access authorization, encrypted storage, encrypted transmission and de-identification to prevent the loss or leak of personal privacy information. Meanwhile, we have established a complete privacy management mechanism to provide a full range of personal privacy information protection under different settings such as software development, utilization of systems, daily inspection and emergency response.
- **Reviews and compliance.** Our data privacy and protection team review the overall condition of platform security and measures and processes taken in security management. We update such measures and processes taken in security management in a timely manner based on the updates of the applicable laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material litigation or dispute related to data protection and personal information protection, nor had we been subject to or involved in any material investigation or penalty by relevant competent regulatory authorities in this regard.

SEASONALITY

While our primary products are only minimally impacted by seasonality, there are certain seasonal patterns in the international markets, partly due to the influence of major holidays and shopping events. We typically observe sales increase in the fourth quarter due to festivals such as the Thanksgiving, Christmas and shopping events like Black Friday. We expect these trends to continue in the foreseeable future.

OUR CUSTOMERS

Our major customers primarily include flooring material brand owners and retailers. In 2023, 2024 and 2025, our five largest customers in each period during the Track Record Period contributed 46.6%, 39.0% and 38.9%, respectively, to our total revenue in the same year. In addition, our single largest customer in each year during the Track Record Period contributed 31.9%, 28.6% and 29.2%, respectively, to our total revenue in the same year.

The following tables set forth the details of our five largest customers during the Track Record Period.

For the year ended December 31, 2023

Customer	Principal business	Product purchased	Business relationship (as a customer) since	Amount of revenue	% of the total revenue	Credit terms	Payment methods
				(RMB in thousand)			
Customer A	A group based in Orange, the U.S., principally engaged in PVC flooring and laminate flooring	PVC flooring, laminate flooring	2020	732,146	31.9%	60 days from invoice date	Telegraphic transfer
Customer B	A real estate developer based in the PRC, with business operations spanning residential property development, cultural tourism and health and wellness	Commodity residential properties	2021	158,507	6.9%	Payment before delivery	Telegraphic transfer
Customer C	A company based in Chambly, Canada, principally engaged in the business of PVC flooring, laminate flooring, engineered hardwood flooring and bathroom products	PVC flooring, laminate flooring	2020	107,714	4.7%	75 days from invoice date	Telegraphic transfer
Customer D	A company based in Terrebonne, Canada, principally engaged in the business of flooring and building materials	PVC flooring, laminate flooring	2020	41,007	1.8%	90 days from invoice date	Telegraphic transfer
Customer E	A company based in Burnaby, Canada, principally engaged in the business of flooring, building materials and accessories.	PVC flooring, laminate flooring	2020	31,643	1.4%	90 days from invoice date	Telegraphic transfer
Total				**1,071,017**	**46.6%**		

For the year ended December 31, 2024

Customer	Principal business	Product purchased	Business relationship (as a customer) since	Amount of revenue	% of the total revenue	Credit terms	Payment methods
				(RMB in thousand)			
Customer A	A group headquartered in Orange, U.S., principally engaged in the business of PVC flooring and laminate flooring	PVC flooring, laminate flooring	2020	673,402	28.6%	60 days from invoice date	Telegraphic transfer
Customer C	A company based in Chambly, Canada, principally engaged in the business of PVC flooring, laminate flooring, engineered hardwood flooring and bathroom products	PVC flooring, laminate flooring	2020	104,451	4.4%	75 days from invoice date	Telegraphic transfer
Customer F	A company based in Melbourne, Australia, principally engaged in the business of flooring, tools and hardware products	PVC flooring, laminate flooring	2020	59,709	2.5%	60 days from invoice date	Telegraphic transfer
Customer E	A company based in Burnaby, Canada, principally engaged in the business of flooring, building materials and accessories	PVC flooring, laminate flooring	2020	41,815	1.8%	90 days from invoice date	Telegraphic transfer
Customer D	A company based in Terrebonne, Canada, principally engaged in the business of flooring and building materials	PVC flooring, laminate flooring	2020	40,171	1.7%	90 days from invoice date	Telegraphic transfer
Total				**919,548**	**39.0%**		

For the year ended December 31, 2025

Customer	Principal business	Product purchased	Business relationship (as a customer) since	Amount of revenue	% of the total revenue	Credit terms	Payment methods
				(RMB in thousand)			
Customer A	A group headquartered in Orange, U.S., principally engaged in the business of PVC flooring and laminate flooring	PVC flooring, laminate flooring	2020	739,871	29.2%	60 days from invoice date	Telegraphic transfer
Customer G	A company based in Laurel, U.S., principally engaged in the flooring business	SPC flooring	2024	72,612	2.9%	120 days from invoice date	Telegraphic transfer
Customer C	A company based in Chambly, Canada, principally engaged in the business of PVC flooring, laminate flooring, engineered hardwood flooring and bathroom products	PVC flooring, laminate flooring	2020	59,166	2.3%	75 days from invoice date	Telegraphic transfer
Customer F	A company based in Melbourne, Australia, principally engaged in the business of flooring, tools and hardware products.	PVC flooring, laminate flooring	2020	56,740	2.2%	60 days from invoice date	Telegraphic transfer
Customer E	A company based in Burnaby, Canada, principally engaged in the business of flooring, building materials and accessories	PVC flooring, laminate flooring	2020	56,173	2.2%	90 days from invoice date	Telegraphic transfer
Total				**984,562**	**38.9%**		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

OUR SUPPLIERS

Our major suppliers primarily include providers of raw and auxiliary materials, companies collecting royalties fees, customs clearance companies, and logistics companies. In 2023, 2024 and 2025, our five largest suppliers in each year during the Track Record Period contributed 24.1%, 25.4% and 26.6%, respectively, to our total purchase amount in the same period. In addition, our single largest supplier in each year during the Track Record Period contributed 5.8%, 6.4% and 6.8%, respectively, to our total purchase amount in the same year.

The following tables set forth the details of our five largest suppliers during the Track Record Period.

For the year ended December 31, 2023

Supplier	Principal business	Product/services purchased	Business relationship (as a supplier) since	Amount of purchase	% of the total purchase	Credit terms	Payment methods
				(RMB in thousand)			
Supplier A	A manufacturer in Changzhou, China, primarily focusing on flooring manufacturing, flooring sales and furniture manufacturing.	Manufacturing service	2022	104,441	5.8%	Payment in the second month following invoice issuance	Telegraphic transfer
Supplier B	A sized investment company in Hangzhou, China, primarily focusing on imports and exports related to manufacturing technologies.	Resin powder	2022	98,444	5.4%	Payment before delivery	Bank acceptance/ Telegraphic transfer
Supplier C	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees	2020	79,286	4.4%	Immediate payment	Telegraphic transfer
Supplier D	A brokerage firm in the United States, primarily providing supply chain and logistics services.	Customs clearance service	2023	77,658	4.3%	Payment in the month following invoice issuance	Telegraphic transfer
Supplier E	A company based in Changsha that integrates the R&D, production, sales, and services of environmentally friendly chemical new materials.	Paint/glue	2022	76,717	4.2%	Payment in the month following invoice issuance	Bank acceptance
Total				**436,546**	**24.1%**		

For the year ended December 31, 2024

Supplier	Principal business	Product/services purchased	Business relationship (as a supplier) since	Amount of purchase	% of the total purchase	Credit terms	Payment methods
				(RMB in thousand)			
Supplier D	A brokerage firm in the United States, primarily providing supply chain and logistics services.	Customs clearance service	2023	104,882	6.4%	Payment in the month following invoice issuance	Telegraphic transfer
Supplier E	A company based in Changsha that integrates the R&D, production, sales, and services of environmentally friendly chemical new materials.	Paint/glue	2022	90,359	5.5%	Payment in the month following invoice issuance	Bank acceptance
Supplier C	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees	2020	86,546	5.3%	Immediate payment	Telegraphic transfer
Supplier F	A manufacturer in Jiangsu, China, primarily offering panels and laminate flooring.	Manufacturing service	2021	68,711	4.2%	Payment within the month of invoice issuance	Letters of credit/ Bank acceptance
Supplier G	A trading company in Shanghai, China, primarily involved in distribution of chemical products.	Resin powder	2020	64,424	4.0%	Immediate payment	Bank acceptance
Total				**414,921**	**25.4%**		

For the year ended December 31, 2025

Supplier	Principal business	Product/services purchased	Business relationship (as a supplier) since	Amount of purchase	% of the total purchase	Credit terms	Payment methods
				(RMB in thousand)			
Supplier H	A trading company in Singapore, primarily involved in distribution of chemical products.	Resin powder	2023	132,562	6.8%	180-day letter of credit	Letter of credit
Supplier C	A manufacturer in Belgium, primarily focused on developing innovative flooring technologies and production solutions.	Locking technology patent fees	2020	114,646	5.8%	Immediate payment	Telegraphic transfer
Supplier D	A brokerage firm in the United States, primarily providing supply chain and logistics services.	Customs clearance services	2023	110,114	5.6%	Payment in the month following invoice issuance	Telegraphic transfer
Supplier E	A company based in Changsha that integrates the R&D, production, sales, and services of environmentally friendly chemical new materials.	Paint/glue	2022	89,059	4.5%	Payment in the month following invoice issuance	Bank acceptance
Supplier F	A manufacturer in Jiangsu, China, primarily offering panels and laminate flooring.	Manufacturing service	2021	76,273	3.9%	Payment within the month of invoice issuance	Letter of credit/Bank acceptance
Total				**522,654**	**26.6%**		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

OVERLAPPING SUPPLIERS AND CUSTOMERS

During the Track Record Period, one of our five largest suppliers was also our customer. We primarily utilized Supplier C's locking technology for the production of certain products and paid patent fees to Supplier C. In 2023, 2024 and 2025, our purchases from Supplier C accounted for 4.4%, 5.3% and 5.8% of our total purchases for the same period, respectively. Supplier C also purchased our flooring products. Revenue generated from sales to Supplier C accounted for 1.3%, 1.6% and 1.3% of our total revenue for the same period, respectively. The overlap primarily arose because Supplier C is a group company focused on developing innovative flooring technologies and production solutions. It holds patents for locking technologies adopted by flooring manufacturers worldwide, who are required to pay patent fees to Supplier C when selling flooring products incorporating the relevant locking technologies. Meanwhile, its subsidiaries also operate in the flooring industry through the sale of flooring products and may source flooring products from other manufacturers, including us.

Our Directors confirm that the sales and procurement transactions with Supplier C and its associated companies were conducted on normal commercial terms, negotiated on an arm's length basis and independently determined by our respective sales and procurement departments. During the Track Record Period, there were no offsetting arrangements, barter transactions or other non-commercial arrangements between us and such overlapping customers and suppliers. Our Directors are of the view that such overlapping relationships did not have a material impact on our procurement or sales decisions and did not impair the fairness of our transactions or our ability to independently select suppliers and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to implementing sustainable development practices and will fulfill our obligation to publish an annual ESG report upon **[REDACTED]**, in accordance with the applicable requirements of Appendix C2 *Environmental, Social and Governance Reporting Code* to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.*

ESG GOVERNANCE

We have established an ESG governance structure comprising an ESG Leading Group and an ESG Working Group to drive the top-down integration of ESG concepts into our operational processes. We intend to progressively refine our ESG governance structure upon **[REDACTED]**. The Board assumes the ultimate oversight responsibility for ESG matters, which includes identifying and monitoring ESG risks, reviewing ESG targets and progress, and reviewing and approving ESG reports. Concurrently, we will maintain active communication with stakeholders, coordinate the allocation of ESG management resources, and advance our sustainability initiatives.

Level	Responsibilities
ESG Leading Group	– Lead and oversee the Company's ESG work, and review and approve ESG-related plans. – Review the annual ESG reports.
ESG Working Group	– Drive and monitor the implementation of ESG-related matters, and coordinate the collection and review of the annual ESG report contents and the accuracy of performance data. – Advance the implementation and execution of ESG-related initiatives. – Regularly report the progress of ESG work to the management.

ENVIRONMENTAL MATTERS

Emissions Management

We continuously standardize our operational activities and are committed to complying with the applicable environmental protection laws and regulations in our operating regions to mitigate risks associated with environmental pollution and ecological damage. We have implemented the *Environmental Compliance Management Measures* to construct an environmental compliance management system, and have obtained the ISO 14001:2015 Environmental Management System certification.

We regularly conduct environmental compliance risk assessments. At critical junctures such as the launch of new projects, process modifications, or major updates to laws and regulations, we identify compliance hazards within our business operations, production activities, equipment operations, or management systems, and promptly formulate and implement preventative and control measures. To ensure accountability, we have incorporated environmental compliance performance into our performance appraisal system, driving the achievement of environmental management targets through incentive and constraint mechanisms.

Regarding exhaust gas management, we have equipped our facilities with end-of-pipe treatment systems; exhaust gas is discharged in compliance with standards after undergoing water spraying and secondary activated carbon filtration treatment. Regarding wastewater management, we implement the separation of rainwater and sewage, as well as the separation of clean water and sewage. Production wastewater and domestic sewage are collected and managed, and are either discharged or recycled after being treated to standard by our sewage treatment station. We regularly monitor and archive the water quality at discharge outlets, strictly prohibit non-compliant practices such as untreated discharge, leakage, or diluted discharge, and have formulated and practiced emergency response plans for sudden water pollution incidents.

Regarding solid waste management, we have established a classified recycling system for production waste and discarded flooring to promote the resource utilization of waste. General solid waste is handed over to units with the corresponding qualifications for incineration disposal. Furthermore, we enforce the *Responsibility System for Environmental Pollution Prevention and Control* *of Hazardous Wastes*, strengthen the daily supervision of hazardous wastes, and standardize the full-lifecycle management encompassing the generation, collection, storage, transportation, utilization, and disposal of hazardous wastes, thereby ensuring their lawful and compliant disposal.

Energy Management

We are committed to complying with energy use-related laws and regulations in our operating regions, and have formulated and implemented the *Energy Use Policy* to enhance energy utilization efficiency and optimize our corporate energy structure. In terms of governance mechanisms, we have established the position of "Chief Energy Officer" to oversee energy management efforts and conduct normalized energy assessments.

During production and operations, we utilize condensate recovery technology to repurpose recovered condensate for soft water preheating, thereby reducing boiler energy consumption. Simultaneously, we have executed technical upgrades on our water bath ovens, replacing the original model with a natural gas direct-heating air circulation mode to improve energy efficiency. We continuously advance energy technology research and development, conducting studies on smart microgrid technology and industrial waste heat cascade utilization to drive the digitalization and intellectualization of energy management.

To cultivate an energy-saving culture, we launch energy-conservation campaigns, encourage employees to actively participate in energy optimization initiatives, and promote low-carbon office practices such as electronic approvals and shared office equipment to foster green and low-carbon operations.

Our energy consumption data during the Track Record Period is set out below:

		Year ended December 31		
	Unit	2023	2024	2025
Direct energy consumption[1]	tonnes of standard coal	3,505.91	3,593.57	3,510.52
Indirect energy consumption[2]	tonnes of standard coal	9,223.07	10,689.70	13,628.20
Comprehensive energy consumption	tonnes of standard coal	12,728.98	14,283.27	17,138.72
Comprehensive energy consumption intensity	tonnes of standard coal/ RMB100 million revenue	554.40	605.22	680.11

1 Direct energy consumption primarily includes the consumption of fuels such as natural gas and diesel.

2 Indirect energy consumption primarily consists of the consumption of purchased electricity.

Water Resource Management

We comply with applicable laws and regulations such as the *Water Law of the People's Republic of China*, enforce the provisions of our *Water Resource Management System*, and adopt water-saving technologies and production operation management measures. Regarding the application of water-saving technologies, we promote waterless and water-efficient production processes and continuously optimize production water flows. We increase the concentration cycles of circulating cooling water and support this with the application of high-efficiency cooling towers and intelligent control systems. We have established a wastewater treatment and reclaimed water reuse system, utilizing treated reclaimed water for applications such as factory landscaping and equipment cooling makeup water. Additionally, we have implemented a normalized equipment inspection mechanism to promptly identify and rectify pipeline and facility leaks, continuously promoting the intensive utilization of water resources.

Our water consumption data during the Track Record Period is set out below:

		Year ended December 31		
	Unit	2023	2024	2025
Total water consumption	cubic meters	56,814.30	68,223.14	70,777.78
Total water consumption intensity	cubic meters/RMB100 million revenue	2,474.49	2,890.81	2,808.64

Packaging Material Management

We enforce the *Warehousing and Packaging Material Management System* to standardize the inventory, requisition, and usage of packaging materials. We adhere to inventory management standards to maintain the consistency of "accounts, cards, and goods" and ensure that inventory data is authentic, accurate, and complete. Concurrently, we optimize our warehousing operations to ensure the orderly supply of packaging materials required for production.

Our packaging material usage data during the Track Record Period is set out below:

		Year ended December 31		
	Unit	2023	2024	2025
Total packaging material used	tonnes	3,910.45	4,868.47	4,960.11
Packaging material usage intensity	tonnes/RMB100 million revenue	170.32	206.29	196.83

Addressing Climate Change

We proactively monitor climate change-related risks, formulate greenhouse gas emission management strategies, and control energy consumption levels at the source. Through the advancement of energy-saving technology upgrades and refined operational management, we manage the intensity of greenhouse gas emissions generated during production and operations. Furthermore, we identify and monitor potential climate-related risks, encompassing physical risks triggered by extreme weather events such as high temperatures and typhoons, as well as transition risks arising from shifts in environmental regulations and industry policies.

Our greenhouse gas emissions data during the Track Record Period is set out below:

		Year ended December 31		
	Unit	2023	2024	2025
Total greenhouse gas emissions (Scope 1+2)	tCO2e	46,780.77	53,283.48	65,738.30
Greenhouse gas emission intensity (Scope 1+2)	tCO2e/RMB100 million revenue	2,037.49	2,257.77	2,608.66
Scope 1 emissions	tCO2e	6,961.73	7,132.52	6,900.83
Scope 2 emissions	tCO2e	39,819.04	46,150.96	58,837.47
Scope 3 emissions[1]	tCO2e	5,743.06	6,466.64	8,287.23

1 *With respect to Scope 3 greenhouse gas emissions, we have collected and calculated the emissions data corresponding to Category 3 (Fuel- and energy-related activities), and Category 6 (Business travel). Going forward, we will progressively enhance the data collection and calculation methodologies for other categories of Scope 3 greenhouse gas emissions.*

GREEN PRODUCTS

In the realm of product innovation and green design, we have introduced a novel degradable molded WPC flooring; by substituting traditional PVC with PLA materials[2], the product gains degradable attributes, thereby mitigating its ecological footprint. Simultaneously, through lightweight product design, we facilitate the reduction of resource and energy consumption during transportation. In green manufacturing, we have been recognized as a "Changzhou Green Factory", a "Jiangsu Province Green Factory", and a "National-Level Green Factory".

We continuously research and develop environmentally friendly products and solutions, focusing on product health attributes and indoor air quality control. We have obtained the GREENGUARD Gold Certification (GG-G-UL), ensuring our products' volatile organic compound (VOCs) emissions comply with relevant standards. Moreover, we evaluate lifecycle-related environmental impacts by prioritizing wood-based raw materials certified by sustainable forest management standards (such as FSC and PEFC), alongside non-wood-based raw materials possessing renewable and recyclable properties, thereby fostering the synergistic development of economic benefits and ecological protection.

SOCIAL MATTERS

Labour Management

In our labour management practices, we comply with applicable laws and regulations including the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, and implement internal policies such as the *Recruitment Management System*. We adhere to standard employment principles, strictly prohibit unreasonable discrimination in recruitment, promotion, compensation, and dismissal based on gender, age, race, religion, disability, or other factors, and expressly forbid child labour and forced labour. During recruitment, we conduct identity verification and, within the scope permitted by applicable laws and required by the position, administer pre-employment health examinations to verify that employees have reached the statutory employment age and are establishing labour relations voluntarily.

2 *PLA materials refer to bio-based polymer materials made primarily from lactic acid or lactide.*

We respect and safeguard the legitimate rights and interests of our employees, fulfilling the requirements set forth in the *Company Welfare Management System*. We continuously enhance our employee welfare framework by offering both monetary and non-monetary benefits — including statutory benefits, corporate supplementary benefits, talent acquisition incentives, and special allowances — to strengthen overall employee welfare protection.

Health and Safety

We place paramount importance on the occupational health and safety of our employees. Complying with relevant laws and regulations such as the *Work Safety Law of the People's Republic of China*, we have established and refined our occupational health and safety management system, formulating and implementing policies including the *Work Safety Objective Management System*, *Work Safety Responsibility System*, and *Equipment and Facility Safety Management System*. Our senior management leads the formulation of safety objectives and responsibility systems — covering metrics such as hazard identification and remediation, employee education and training, and accident injury control — and conducts regular performance evaluations to enforce safety accountability.

We standardize the process management of production equipment and special equipment, maintain equipment management ledgers and safe operating procedures, and ensure that machine operations, shutdowns, and maintenance strictly adhere to safety control standards. In tandem, we deliver ongoing occupational health and safety training covering regulatory compliance, accident case reviews, internal policy interpretation, safety warning education, and emergency response management, thereby continuously elevating employees' safety awareness and risk prevention capabilities.

Development and Training

We consistently advance the development of our talent pipeline. We have formulated the *Employee Promotion Management System* to define promotion criteria and streamline the talent selection process. We utilize a "Management + Professional" dual-channel career development framework, categorizing roles into four major tracks — production, professional, sales, and management — to provide employees with diversified career growth pathways.

Guided by policies such as the *Employee Training Management System*, we deploy differentiated training strategies tailored to specific career paths. For management track employees, we cultivate team leadership, overall coordination, and strategic execution skills; for technical track employees, we focus on deepening specialized skills and mastering cutting-edge industry technologies to bolster complex problem-solving capabilities. We employ a blended teaching model of "internal experts + external consultants," merging practical internal business experience with external industry foresight. Utilizing a mix of flexible online learning and offline practical drills, we ensure training content remains highly relevant to actual business needs and industry trends. Concurrently, through position-adaptive coaching mechanisms such as role cognition training and mentorship programs, we facilitate employees' rapid adaptation to job requirements, ensuring smooth role transitions and solidifying our talent supply capabilities.

Supply Chain Management

We execute full-lifecycle standardized management of our suppliers pursuant to policies including the *Supplier Development System*, *Supplier Freeze and Exit Management Regulations*, and *Supplier Performance Assessment Management System*.

During the supplier onboarding phase, we prioritize candidates demonstrating robust business ethics alongside strong environmental and social performance. We conduct on-site supplier assessments and product quality verifications to cement the foundation for supply quality control. Integrity and honesty serve as critical evaluation metrics for admission; we prudently assess entities with adverse records and explicitly prohibit illicit practices, such as bribery, within our cooperation agreements. Concurrently, we perform supplier qualification audits aligned with procurement scopes and applicable regulatory requirements, verifying credentials such as hazardous chemical business licenses, work safety licenses, non-pharmaceutical precursor chemical filing certificates, and special equipment manufacturing licenses.

We employ a tiered supplier management mechanism. For suppliers failing to meet performance benchmarks, we organize retrospective evaluations, continuously monitor their rectification progress, and promptly initiate exit procedures for those unable to meet standards, thereby safeguarding the stability, integrity, and operational security of our supply chain. Simultaneously, we foster collaborative partnerships with suppliers, engage in the cultivation of new suppliers, and drive sustainable supply chain development through technical support and normalized communication.

Product Responsibility

We place a premium on product quality and customer safety, rigorously adhering to the applicable laws and regulations of our operating regions. For export products, we comply with stipulations such as the *Safe Drinking Water and Toxic Enforcement Act of 1986* (CA Prop 65) and the *Registration, Evaluation, Authorisation and Restriction of Chemicals* (EU REACH Regulation).

In constructing our quality management system, we have formulated and implemented policies including the *Customer Property Protection Control Procedure, Non-conforming Product Control Procedure*, and *Product Recall Control Procedure.* We have established a comprehensive product recall management framework encompassing information feedback, problem analysis, recall execution, and corrective improvement, ensuring a rapid response to any quality issues. Furthermore, our *Customer Complaint Handling Process* and *After-Sales Handling Process* standardize the procedures and key risk control points for addressing post-sale complaints, guaranteeing that customer grievances are handled promptly and professionally.

We drive quality enhancement initiatives by compiling *8D Problem Solving Reports* to institutionalize corrective and preventive measures. We also enforce the *Process Abnormality Handling Process* to delineate departmental responsibilities, promptly manage production anomalies, and steadfastly protect the legitimate rights and interests of our customers.

We comply with legislation such as the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, implementing internal protocols like the *Data Security Management Measures* and the *Data Security Incident Emergency Response Management System.*

We rigorously protect customer privacy and data security through classified and graded data management, which encompasses the handling of the full-lifecycle security management of all information assets. We also extend data security mandates to our partners to foster supply chain data compliance. In parallel, we have instituted data security assessment and auditing mechanisms, supported by a comprehensive emergency response plan for potential data security incidents.

Business Ethics

We comply with the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant regulations, and have enacted the *Regulations on the Integrity Management of the Company* alongside the *Integrity and Honesty Management System for Procurement-Related Personnel* to govern employee professional conduct. We welcome oversight and feedback from all stakeholders. Through the *Management Regulations for the BBL Opinion Platform* and the deployment of supervision notice boards, we have established robust whistleblowing and communication channels. Correspondingly, we maintain a confidentiality protocol for whistleblowers and have refined our reward and penalty system to ensure the secure and orderly operation of these oversight channels.

We conduct business ethics and compliance advocacy among our staff, providing specialized training for personnel in high-risk roles to continually reinforce a culture of integrity across the organization. Additionally, we project these compliance standards into our supply chain by executing supplier integrity surveys and promotional campaigns, thereby encouraging our partners to elevate their own business ethics and compliance awareness.

Community Investment

We give back to the community through diverse philanthropic endeavors. In the sphere of public welfare, we established the "Love on the Road" special foundation, regularly organizing employee volunteer services. In support of education, we instituted the "BBL Scholarship" to assist outstanding students and launched the "Warm Winter Action" initiative, donating essential supplies to families and schools in impoverished mountainous regions.

INTELLECTUAL PROPERTY

We regard our intellectual property rights are critical to our business operations, and we devote significant time and resources to their development and protection. As of December 31, 2025, we owned 147 patents, 39 trademarks, 41 copyrights and 10 domain names. See "Appendix V — Statutory and General Information — Further Information About The Business Of Our Company — Intellectual Property Rights" in this document.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. our key measures include: (i) dedicating personnel to guide, manage, supervise and monitor the daily work regarding intellectual properties; (ii) starting the registration, filing and application process of the intellectual properties timely; (iii) tracking the status of our intellectual properties actively and taking action in a timely manner if any potential conflicts with our intellectual properties are identified; and (iv) stating relevant rights and obligations regarding the protection of intellectual properties in all employment contracts and commercial contracts we enter into.

As of the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and accreditations we received in recent years:

Year	Award/recognition	Awarding entity
2026	China Green Product Certification	Beijing Green Forest Certification Co., Ltd
2026	National Product and Service Quality Integrity Commitment Enterprise	China Quality Inspection Association
2026	2026 Forbes China Industry Development Leading Enterprise	Frost & Sullivan & Forbes China

Year	Award/recognition	Awarding entity
2026	TOP 500 Preferred Supplier by Comprehensive Strength in Building Construction Supply Chain – Flooring	China Real Estate Chamber of Commerce Procurement Platform (CRC Youcai)
2025	2025 Preferred Flooring Brand	UPIN
2025	Children's Safety Certification	China Building Material Test&Certification Group Co., Ltd
2025	2025 Preferred Supplier for Central and State-owned Real Estate Enterprises (National Brand) – Flooring	China Real Estate Chamber of Commerce Procurement Platform (CRC Youcai)
2025	Changzhou Municipal Five-Star Industrial Enterprise	Changzhou Municipal Enterprise Development Conference
2024	National Green Factory	Ministry of Industry and Information Technology of the PRC

COMPETITION

We primarily participated in the global PVC flooring market. We compete with international flooring manufacturers, export-oriented Chinese manufacturers and regional market participants across different product categories and market segments. Competition within the industry is primarily driven by factors such as product quality, manufacturing scale, pricing, product portfolio breadth, product development and design capability, production flexibility, delivery reliability and global supply chain management capability. In addition, downstream customers, particularly overseas retailers, distributors and brand owners, generally maintain stringent requirements on product quality consistency, supply stability, compliance standards and delivery capabilities. The market size of global PVC flooring market increased from US$26.9 billion in 2021 to approximately US$35.2 billion in 2025, representing a CAGR of approximately 7.0%, and is expected to reach approximately US$48.9 billion by 2030, representing a CAGR of approximately 6.8% from 2025 to 2030. In 2025, the aggregate overseas revenues of the top five PVC flooring manufacturers in China reached approximately RMB12.6 billion, representing approximately 5.2% of the global PVC flooring market. North America is the largest and most mature PVC flooring market globally. In terms of the sales volume of PVC flooring products in North America, we ranked first with sales volume of approximately 26.3 million square meters in 2025, representing a market share of approximately 1.7%.

We primarily compete based on our diversified product portfolio, intelligent and flexible manufacturing capabilities, product design and process innovation capabilities, globalized supply chain arrangement, quality control standards and customer service responsiveness. We believe our competitiveness is supported by our established production bases, integrated manufacturing capabilities and ability to provide products across diversified application scenarios and market segments, including mass-market, premium and ultra-premium product categories.

See "Industry Overview" in this document.

EMPLOYEE

As of December 31, 2025, we had 904 full-time employees in China and 583 full-time employees overseas. The following table sets forth a breakdown of our employees by business function:

Responsibilities	Number of Employees	Percentage
Administrative and Management	104	7.0%
Sales and Marketing	189	12.7%
Research and Development	98	6.6%
Manufacturing	1,096	73.7%
Total	**1,487**	**100.0%**

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

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

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics policies, and non-competition with most of our executive officers, managers and employees.

During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for our employees as required by the relevant PRC laws and regulations. As advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement. Pursuant to the *Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment* (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, human resources and social security authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance underpayments.

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

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

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

INSURANCE

We consider our insurance coverage to be adequate as we have in place all mandatory insurance policies required by PRC laws and regulations and in line with general market practice. Our employee-related insurance includes pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and the housing provident fund, as required by PRC laws and regulations. We also purchase credit insurance, all-risks property insurance, employer's liability insurance and logistics insurance.

During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors – Our insurance coverage may not fully protect us against all potential business risks" in this document.

PROPERTIES

Owned Land and Properties in Chinese Mainland

Our owned properties in the PRC are primarily located in Changzhou, Jiangsu Province, and are mainly used for production, warehousing, office and operational purposes. As of December 31, 2025, we owned 17 properties and four parcels of land in the PRC, with an aggregate GFA of approximately 92,000 sq.m and an aggregate site area of approximately 123,000 sq.m, respectively. Our principal production facility is located in Henglin, Changzhou. In addition, certain of our PRC subsidiaries leased collective operating construction land in accordance with applicable PRC laws and regulations, and had obtained the relevant property ownership certificates or land use rights certificates in respect of such properties.

As of December 31, 2025, we had constructed certain temporary steel-structured buildings with a GFA of approximately 37,766 sq.m within our Henglin factory area, which had not obtained the relevant construction approvals or property ownership certificates. In addition, certain of our subsidiaries occupied several scattered parcels of collective land without having obtained approval from the relevant natural resources authorities, which may subject such properties to potential risks of demolition or land recovery. According to our PRC Legal Adviser, the relevant local government authorities had been actively coordinating land supply arrangements and had not imposed any administrative penalties on us in relation to such matters during the Track Record Period and up to the Latest Practicable Date. In addition, Jiangsu Beier Holdings, Ms. Zhang, Mr. Zhang Guohong have undertaken to indemnify us against losses arising from such properties. Based on the foregoing, our PRC Legal Adviser is of the view that the relevant property irregularities would not have a material adverse effect on our operations as a whole.

Leased Properties in Chinese Mainland

As of December 31, 2025, we leased 19 properties in Chinese Mainland with an aggregate GFA of approximately 20,000 sq.m. These properties were primarily located in Changzhou, Jiangsu Province, and were mainly used for office, production, employee accommodation and ancillary purposes. According to our PRC Legal Adviser, 15 leased properties had not completed the required lease registration filings as of December 31, 2025. Under the applicable PRC laws and regulations, failure to complete lease registration filings may subject the relevant lessees to orders for rectification within a prescribed period and potential fines ranging from RMB1,000 to RMB10,000 for each leased property if such rectification is not completed in time. However, pursuant to the Civil Code of the PRC, the failure to complete lease registration filings does not affect the validity of the relevant lease agreements. As of the Latest Practicable Date, we had not received any rectification orders or administrative penalties from the relevant authorities in relation to such matters. Based on the foregoing, our PRC Legal Adviser is of the view that the failure to complete lease registration filings would not have a material adverse effect on our operations in Chinese Mainland.

Vietnam

Our Vietnam operations are conducted on a parcel of leased industrial land located in Quang Ninh Province, Vietnam, with a total GFA of approximately 70,000 sq.m. The land use rights are evidenced by the relevant land use rights certificate, with a land use term extending to May 2058. As of the Latest Practicable Date, we had constructed production workshops, office buildings and ancillary facilities on such land, which are primarily used for our production and operational purposes in Vietnam. We believe that our Vietnam leased land and related facilities are sufficient to support our current and planned production capacity expansion in Vietnam.

Others

To a lesser extent, we have also leased certain properties with a GFA of approximately 7,000 sq.m in other jurisdictions other than Chinese Mainland and Vietnam, which are primarily used for office, design center, warehousing and employee accommodation purposes.

We had no single property with a carrying amount of 15% or more, and no single property interest that forms part of property activities has a carrying amount of 1% and the total carrying amount of such property interests does not exceed 10%, of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests according to Chapter 5 of the Listing Rules and in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice Chapter 32L of the Laws of Hong Kong).

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no litigations, arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had material adverse effect on our business, financial condition and results of operations.

Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, as confirmed by our PRC Legal Adviser, we had been in compliance with all applicable laws and regulations in all material aspects.

CERTIFICATES, PERMITS AND LICENSES

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

No.	Entity	Name of the License, Approval or Permit	Expiry Date
1	Jiangsu Happy Home Decors Co., Ltd.	Changzhou Customs of the People's Republic of China (中華人民共和國常州海關)	–
2	Changzhou Bemate HOME Technology Co., Ltd.	Discharge Permit (排污許可證)	June 23, 2027

RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business and operations such as information technology, financial reporting, and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each our subsidiaries and functional departments.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the **[REDACTED]**, we have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. See "Directors and Senior Management" in this document;

- provide periodic training to our senior management and employees on professional conduct requirements and ethical standards to enhance their understanding of, and compliance with, applicable laws and regulations, and incorporate relevant policies on noncompliance into our employee disciplinary measures and supervision guidelines; and

- organize training sessions for our Directors and senior management on the relevant requirements of the Listing Rules and the duties of directors of companies **[REDACTED]** in Hong Kong.