



Stock Code: 002271

Stock Name: Oriental Yuhong

Announcement No.2025-016

**BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD.****ANNUAL REPORT 2024 (SUMMARY)****Part I Important Notes**

This Summary is based on the full Annual Report of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

All the Company’s directors have attended the Board meeting for the review of this Report.

Independent auditor’s modified opinion:

Applicable  Not applicable

Board-approved final cash and/or stock dividend plan for the Reporting Period:

Applicable  Not applicable

Bonus issue from capital reserves:

Yes  No

The Board has approved a final dividend plan as follows: based on the total share capital of 2,388,669,116 shares, which is calculated from the existing total share capital of 2,436,315,528 shares after deducting 47,615,662 repurchased shares in the Company’s repurchase account and 30,750 restricted shares from equity incentives that have not yet been repurchased and cancelled, a cash dividend of RMB18.50 (tax inclusive) per ten shares is to be distributed to the shareholders, with no bonus shares, and no capitalization from capital reserves.

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period:



Applicable  Not applicable

## Part II Key Corporate Information

### 1. Stock Profile

Stock name	Oriental Yuhong	Stock code	002271
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary		Securities Representative
Name	Zhang Bei		
Office address	Courtyard 19, 9th Kechuang Street, Beijing Economic-technological Development Area, E-town, Beijing		
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### 2. Principal Operations or Products in the Reporting Period

#### (I) The Company's Principal Operations

In pursuit of high-quality and solid development, the Company is a construction materials system service provider that concentrates on waterproofing as the core business, as well as extends to civil construction materials, mortar and powder, building coating materials, energy-saving and heat preservation materials, adhesives, tube materials, building renovation, new energy, non-woven fabric, specialized film, emulsion, etc.

The Company provides quality products and professional system services for buildings, high-speed railways, metro and urban railways, highways & urban roads and bridges, airports, water conservancy facilities, utility tunnels, etc. Its products have been used in landmarks such as the Chairman Mao Memorial Hall, the Great Hall of the People, the Bird's Nest, the CITIC Tower, the Beijing Daxing International Airport, the Hong Kong-Zhuhai-Macao Bridge, the Beijing-Shanghai high-speed railway, the Beijing sub-centre utility tunnels, Indonesia's Jakarta-Bandung High-Speed Railway, Indonesia's Nimanga Hydropower Station project, the Singapore Metro, Pakistan's Karachi Nuclear Power Plant project, and the Forest City project in Malaysia. It provides high-quality system solutions for tens of thousands of major infrastructure projects, as well as industrial, residential and commercial buildings and constructions worldwide. The Company sees "for the motherland, for the society, for customers, for employees and shareholders" as its corporate tenet, "serving the country by developing industry, benefiting the people with good services" as its guideline, and "building a durable and safe environment for human beings and the society" as its



corporate vision. In addition to the core business of building waterproofing, the Company is also engaged in civil construction materials, mortar and powder, building coating materials, energy-saving and heat preservation materials, adhesives, tube materials, building renovation, new energy, non-woven fabric, specialized film, emulsion, etc. It owns many brands and business lines: Oriental Yuhong (waterproofing), Fasion (waterproofing), Yuhong Waterproof (civil construction materials), Vasa (specialized mortar), BiAn (putty powder), DAW (building coating), Alpina (building coating), HAMGAR Coating (industrial coating), Wonewsun (energy saving and heat preservation materials), Fudatec (energy saving and heat preservation materials), InfinShine (energy saving and heat preservation materials), Yuhong Adhesives (adhesives), Yuhong Tubes (tube materials), Yuhong Home Delivery Service, Yuhong Villa (building renovation), Hong Sheng New Energy Technology Co., Ltd. (new energy), Top (non-woven fabric), Gold Machilus (specialized film), Hongshi (fine and specialty chemicals), Zhong Ke Jian Tong (formation improvement and engineering rehabilitation), vocational training, and Oriental Yuhong roofing tile system (construction roofing tile system).

1. Retail Business: The Company makes vigorous efforts for the retail business. The C-end retail business, represented by Civil Construction Materials Group, the architectural coating retail division, and Building Renovation Group's Yuhong Home Delivery Service, focuses on serving the general consumer market for home improvement, major renovations, and repairs. The Company has taken steady steps and continued to strengthen this sector by enhancing product quality, reinforcing its brand, upgrading services, expanding product categories, and broadening sales channels to improve user experience and boost core competitiveness. In 2024, the Company's retail business achieved operating revenue of RMB10,209 million, a year-on-year increase of 9.92%, which accounted for 36.39% of the Company's total operating revenue, representing a higher percentage.

#### (1) Civil Construction Materials Group

During the Reporting Period, Civil Construction Materials Group, centred on user needs and industry trends, integrates consumer demands to achieve technological breakthroughs. It consistently delivers innovative, high-tech, and environmentally safe products, offering comprehensive system solutions for various residential buildings. These solutions cover six dimensions: waterproofing and moisture-proofing, wall coatings, tile paving, grouting, sealants, and



tubing. It can fully meet the diversified needs of various construction scenarios in the process of home decoration and escort a beautiful home. In 2024, Civil Construction Materials Group registered operating revenue of RMB9,373 million, an increase of 14.58% year on year.

1) Brand development: Civil Construction Materials Group has adhered to a consumer-demand-centred approach and strengthened brand development. Online communication utilizes platforms such as WeChat, Douyin short videos, Xiaohongshu, etc., as media, effectively enhancing the brand and product's terminal coverage and visibility through differentiated content targeting different demographic groups. Offline advertising focuses on consolidating core locations such as high-speed rail and landmark ads, while continuously strengthening ad placement in lower-tier markets. By constructing an integrated online and offline marketing ecosystem, a high-frequency interaction mechanism between the brand and consumers is established, thereby comprehensively improving brand awareness and reputation, and reinforcing the brand's mental positioning within the target consumer group.

2) Channel development: Civil Construction Materials Group has deepened channel penetration, expanded category diversity, and achieved broad coverage and deep penetration of channels. Through various project empowerment and digitalization in channel management, it continuously enhances the operational quality of partners, achieving operational efficiency and large-scale business transformation and upgrades, while improving terminal service quality. At the same time, it continues to strengthen cooperation with decoration companies, driving deep integration of the industry and decoration companies through resource integration and complementary advantages, ensuring a healthy cyclical development of various channels.

In the exclusive store channel, the group focused on improving the quality of exclusive store operations. It refined management comprehensively in store upgrade, sales staff, membership, and systems to strengthen brand visibility and solidify retail strength. For store upgrade, it deepened the classification of exclusive stores, coordinated with the renewal of store image to comprehensively enhance brand image. For sales, it enhanced service levels through standardised operating procedures training and sales staff rating system; for systems, it provided a more reassuring and convenient purchasing experience through advanced digital management and price control mechanisms; for membership, it improved the membership operation mechanism to increase member loyalty.



E-commerce channels: The group explored more growth opportunities through the layout of social e-commerce and cross-border e-commerce platforms, such as short videos and live-streaming sales. At the same time, it further enhanced the brand influence of e-commerce channels and strengthen core competitiveness in the e-commerce sector by improving and reinforcing content marketing, traffic operations, and after-sales services.

3) Membership operation: The group accelerated the building of the membership operation system with “Honggehui” as the core, and constructed the “company-dealer-exclusive store-member” comprehensive operation system. The goal was to establish a one-stop solution platform for foreman members, encompassing training certification, product purchasing, benefits acquisition, and activity empowerment. Concurrently, it deeply bound regional exclusive stores nationwide, continuously organising skill competitions and training certification activities for foreman members.

4) Product development: The group always centred around the consumer, while meeting high environmental and physical performance standards for products, also focusing on improving product application performance. It continuously develops products that are sun-resistant, wear-resistant, water-resistant, low-temperature fast-drying, and easy to install, saving time and labour. Environmental protection for construction products is continuously upgraded, and the Company has successively obtained certifications such as the China Environmental Label (Ten ring certification), the highest environmental grade A+ standard of the French VOC Label, the German EC1plus certification, the CIAA antibacterial logo qualification, Green Product Certification, Green Building Material Certification, WRAS Certification, and SGLS Certification. At the same time, the Company focuses on subdivided usage scenarios, continues to expand categories, and launches high-performance waterproof membranes for exposed areas, colour-resistant and weatherproof coatings for exposed areas, lightweight soundproof ceramic tile products, adjustable colour grout, sun-resistant hydrogenated grout, lightweight putty, mildew-resistant high-strength water-resistant putty, and more.

5) Service layout: The group provides Reliable Yuhong Service. Using service providers as carriers, it comprehensively builds service capabilities and empowers partners to enhance service profitability and improve competitive barriers. Waterproof delivery services have been implemented in 170 cities, serving nearly 40,000 households, earning customer praise through standardized construction and high-quality service. Tile laying delivery services focus on C1-level and above tile



adhesive applications, providing consumers with high-quality service experiences. Grouting delivery service processes have been optimized, and warranty upgrades meet more personalized consumer needs. Yuhong Butler Service has brought pipeline inspection and security services to nearly 30,000 households, ensuring users' peace of mind.

### (2) C-end service platform

By the end of the Reporting Period, to integrate and improve retail service capabilities and service quality, and to more professionally and efficiently serve the C-end heavy renovation and maintenance market, the Company integrated its original Building Renovation Group's retail business "Yuhong Home Service" and the Civil Construction Materials Group's "Reliable Yuhong Service" to build a C-end service platform for the entire Group, managed uniformly by the Civil Construction Materials Group. Based on the core elements of "professional, efficient, guaranteed, and comprehensive," the platform aims to build a new retail service platform between the Company and consumers. Relying on the comprehensive advantages of the Civil Construction Materials Group's channel network and other resources, and fully utilizing various online and diversified media channels, the Company conducts in-depth integration and systematic operation of online and offline resources to build an efficient service network, achieving wide and precise user reach. Moreover, the integrated C-end service platform will continue to focus on refining services, improving standardized service processes, carrying out systematic professional training for craftsmen, promoting standardized construction techniques, and other key tasks. The goal is to enhance the operational efficiency of the service system, further improve the service system construction, and strive to create an industry-leading brand in the C-end service field.

### (3) Retail of architectural coatings

During the Reporting Period, with an aim to improve operational quality, the architectural coating retail business systematically sorted out its organisational structure, brand operation, channel management, and service system, and achieved optimal allocation of resources and efficient synergies through learning from Civil Construction Materials Group's profound experience in retail management, rich customer resources, efficient channel coordination capability and strong brand influence, laying a solid foundation for the sustained and high-quality development of the architectural coating retail business.



During the Reporting Period, the architectural coating retail business continued to improve in terms of branding and market expansion. By precisely positioning the two major brands “Caparol” and “Alpina”, “Caparol” emphasised its core value of “functional coatings from Germany”, showcasing its century-old quality, German craftsmanship, and environmental innovation. “Alpina”, with the concept of “Wall Care Is like Skin Care”, commits to protecting what you love, see, dare, and imagine, epitomising German quality, redefining brand perception, and conveying meticulous care for the home environment. Together, the two brands have built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and basic auxiliary materials, achieving product performance upgrades and enhanced environmental standards, while offering differentiated choices through category expansion and service optimisation.

During the Reporting Period, the architectural coating retail business concentrated on the primary products of coatings, closely aligning with market demands, continuously optimising product structure, and strengthening the rational layout of product lines to ensure precise alignment with consumer needs. By deepening the front-end differentiation and back-end synergy of the “Caparol” and “Alpina” brands, the Company further expanded brand coverage and enhanced brand influence. In channel development, the business team not only strengthened channel control but also actively explored channel penetration in lower-tier markets and diversified development paths, fully utilising internal resources from Civil Construction Materials Group to achieve resource sharing and complementarity, effectively expanding sales channels and increasing market penetration. In membership operations, the Company built member customer profiles to precisely target key customer groups and adopted diverse marketing strategies to enhance member loyalty. Additionally, it strengthened interaction with offline exclusive stores, creating a highly interactive, quality-enhancing, and profit-boosting customer ecosystem, injecting strong momentum into the long-term development of the business.

2. Engineering business: During the Reporting Period, the Company deepened the channel transformation. It upgraded its channel policy, empowered channel development, explored channels in lower-tier markets, and built channel leadership. The integrated operation companies in all regions have deeply focused on local markets and specialized regional operations, fully integrated local customer and market channel resources, enhanced market coverage and penetration by developing and empowering various partners, and continuously eliminated blank and weak markets





to increase market share. During the Reporting Period, the Company spared no effort in developing partners and continued to empower partners. Additionally, it summarized and promoted the successful experience of “partner mechanism” in the field of engineering channel continuously. The partner mechanism has been upgraded in an all-round manner. Relying on the comprehensive advantages of products, service, brands and resources, it developed partners who agree with the Company’s culture and operational philosophy. At the same time, it increased the support for partners by improving market and credit management, as well as by cultivating partners’ capabilities of operation and management, business expansion, and engineering services. Through the synergistic development of diversified businesses, as well as continuously enriching product categories, strengthening product quality, optimising the product structure, upgrading product strategies and other ways, the Company continuously improved the product power and system service capacity, and continued to expand the scope of application in the field of construction materials, so as to drive growth in the engineering business. It further consolidated and developed the strategic cooperation with large quality business groups, and actively expanded and extended customer resources from depth and breadth. In diverse application fields and business scopes such as infrastructure construction, urban emerging infrastructure, industrial and mine warehousing and logistics, affordable housing, urban village transformation and urban renewal, it increased sales and promotion efforts. Besides, it upgraded the means of market management and control, and constantly improved market order by reinforcing means of internal sales control and product tracing.

3. New businesses. During the Reporting Period, the business segments operated by Mortar and Powder Technology and Hong Sheng New Energy, among others, made successful efforts to gather momentum.

(1) In 2024, Mortar and Powder Technology Group adhered to the business philosophy of “providing reliable products for customers” and stayed committed to becoming a service provider of one-stop mortar and powder supply. The group has integrated a professional and lean production system for mortar and powder, promoted the implementation of industry category value chains. With an R&D and application technology team based in Beijing, Shanghai and Guangzhou, as well as based on a diversified channel layout, consolidated special mortar system products, vigorously expanded various product domains such as calcium-based powder new materials, general mortar, sand and gravel aggregates and their products, continually increasing its market share in the mortar





and powder market and enhancing its brand influence. During the Reporting Period, while continuing to be engaged in primary product systems such as tile paving systems and wall coating systems, the group swiftly strategized to expand product categories, extend channels, strengthen services, and share profits. It launched to the market new products such as lightweight tile adhesive, waterproof mortar series, flooring system and its ancillary products. Meanwhile, the group steadily explored and applied new technologies such as soil curing technology and stability studies on tile paving systems to meet the needs of customers for different application scenarios.

The Mortar and Powder Technology Group, relying on the Company's strong supply chain integration capabilities, continues to focus on "cost, quality, and new product incubation" as core tasks, increasing the sand powder product categories and their value and supply chain implementation. A professional team has been established to enhance the competitiveness of new products, aiming to develop professional clients and increase new product sales. By the end of the Reporting Period, the Mortar and Powder Technology Group added 14 new supply bases, achieving agile response and service, reducing transportation costs, and creating greater value for customers.

(2) Based on the accrued R&D achievements, advanced technologies, product systems, system services and extensive practical experience in the field of distributed photovoltaics ("PV"), Hong Sheng (Beijing) New Energy Technology Co., Ltd. (Hong Sheng New Energy), a subsidiary of the Company, integrates the PV-related business and the supply chain-related products of the PV industry. It is committed to becoming a provider of new energy roofing systems that are durable and safe. Hong Sheng New Energy has achieved a brand upgrade, enhancing brand communication and recognition; it has also upgraded its business systems to cover four major segments: commercial and industrial distributed PV, high-end residential green electricity, commercial and industrial energy storage, and PV product trade. Its business covers engineering, procurement and construction (EPC) services for industrial and commercial distributed PV projects, energy management contracting (EMC), investment, operation and maintenance, energy storage systems, integrated services of PV power generation, power storage and power charging, as well as comprehensive energy support services. The distributed PV roofing system launched by Hong Sheng New Energy can meet the needs of distributed PV engineering on various types of roofs, and has been successfully applied in numerous projects such as automobile plants, data centres, and the Company's own newly built and existing production, R&D and logistics bases. It has launched the



Hong+ Villa Green Electricity System, entering the C-end villa PV-storage-charging track. While establishing a domestic channel system and continuously expanding the domestic market, Hong Sheng New Energy explores layouts in North America and Southeast Asia. Moving forward, Hong Sheng New Energy will strive to drive faster growth in the comprehensive energy business including wind and PV power generation and storage by continuing to rely on an extensive marketing system across the country, innovative complete solutions of new energy roofing, a strong brand presence, and excellent integrated service capabilities to accelerate the development of comprehensive energy business including wind, PV power and storage, thereby empowering green and sustainable development with technologies.

4. Overseas business. During the Reporting Period, the Company continued to improve its overseas organizational management system, strengthen its international supply chain layout, and build channels.

The Company has established overseas subsidiaries or offices in multiple countries, building and improving the regional personnel allocation and organizational structure overseas, consolidating the marketing and organizational capabilities of the overseas market teams, and actively constructing a global business network to lay a solid foundation for localizing overseas business operations. The construction of overseas production bases has been advanced, and a global supply chain system is being built. The Oriental Yuhong Houston Production, R&D and Logistics Base Groundbreaking Ceremony and the Launch of the New Journey of Internationalisation, was held in Prairie View, Texas, USA, during the Reporting Period. The first phase plans to mainly build a TPO waterproof membrane production line and a North American R&D centre. The TDF Middle East Production Base Project in Dammam, Saudi Arabia, officially broke ground, with plans to build two fiberglass-reinforced polyester base fabric production lines and two polyester base fabric production lines. This project is beneficial in shortening the transportation distance of TDF's non-woven fabric and other series of products sold between the Middle East, Europe, Africa, and Western Asia, making manufacturing costs more competitive and further attracting global customers and resources. The Oriental Yuhong Malaysia Production, R&D, and Logistics Base successfully completed its first trial production. This production base is equipped with multiple advanced production lines, covering products such as mortar and water-based coatings, introducing advanced production technologies and intelligent production equipment, and primarily serving markets in



Singapore and Malaysia. The Company actively conducts international business exchanges and cooperation: it held the Oriental Yuhong Vietnam Press Conference and the Oriental Yuhong Malaysia new product launch event, empowering partners to establish Cambodia's first Oriental Yuhong Engineering Service Centre; it hosted the 2024 11th China International Pre-mixed Mortar Production and Application Technology Symposium; it exhibited multiple business segments at the 135th China Import and Export Fair, the 34th EXPO CIHAC, the 29th Build Bangladesh International Expo, and the 44th Big 5 Global Expo in Dubai, among others; it participated in the 2024 Shanghai International Green Building Forum, SNEC 17th (2024) International Photovoltaic Power Generation and Smart Energy Conference & Exhibition in Shanghai, and the 2024; it showcased new retail products at the 23rd International Architecture, Interior Design & Building Exhibition 2024, Malaysia; its subsidiary Caparol (China) Ltd. appeared at the 2024 China International Coatings Expo and the 22nd China Coatings Show 2024 and held the DAW 2025 Colour Talk; it signed strategic cooperation agreements with the EEI Group of the Philippines, TOA Group of Thailand, and ZW Steel Structure (Cambodia) Investment Co., Ltd., and a cooperation memorandum with BASF. It also cooperated with Uzbekistan-based "CHINA OVERSEAS INTERNATIONAL BELT AND ROAD INITIATIVE LLC" to complete the first export sale in the Central Asian region, laying a foundation for better participation in global market cooperation and competition and starting the process of internationalization.

## **(II) Sales Models**

Based on different product uses and users, the Company has established, taking into account the characteristics of the existing markets and future market expansion directions in particular, a multi-layer marketing channel network integrating direct marketing and channel of dealers for product marketing and provision of system services:

Under direct marketing, the Company directly develops, sells products to and serves the final product users and customers. It has entered into strategic cooperation agreements or long-term supply agreements with many large quality business groups. Meanwhile, it has enhanced customers' confidence by coming into direct contact with them in professional market segments such as industrial constructions, energy construction, railway, highway, rail transit, tunnels and underground projects, projects that concern people's livelihood, among other things. Additionally, it



has established a long-term and stable partnership in terms of material supply and system services. Direct marketing has provided substantial assurance for increasing the Company's visibility in the industry. Under the channel of dealers, the Company directly develops, sells products to and serves the final product users and customers via channel partners such as dealers. There are engineering dealers and retail dealers. The Company has signed contracts with large numbers of dealers, and created a dealer network system that has a reasonable layout and controllable risk and is economical, efficient and vibrant. Through constantly reinforcing systematic training and services for dealers, the dealer network has gradually developed into an essential sales channel for the Company to tap into the nationwide market.

Presently, the Company has formed a multi-dimensional engineering marketing network combining direct marketing and channel of engineering dealers, as well as a marketing network for civil building materials centred on the channel of retail dealers.

1. The engineering market is handled by the integrated companies in various provinces under the Engineering Building Materials Group, the Strategic Centralized Procurement Division, and the specialized companies and business divisions focused on professional market segments, such as railway, highway, rail transit, industrial construction, energy construction, and underground projects. Specifically, the companies of integrated operation in each region are responsible for sales and services of the Company's products in the local engineering markets. Through concentrating on local markets, special operation of regions, channel sinking, as well as developing and empowering various partners, they have enhanced local market coverage and penetration, improving local market share. Meanwhile, all sales channels and business lines worked together to drive up local market share. In the meantime, by actively leveraging the synergy between customer resources and sales channels accumulated based on the main business of waterproofing, the Company developed mortar and powder, building coating materials, energy saving and heat preservation materials, and other businesses, providing complete building material solution packages for customers. The Strategic Centralized Procurement Division focuses on serving large strategic cooperation customers by entering into strategic cooperation agreements or long-term supply agreements to actively enhance the depth of cooperation and business collaboration areas with centralized procurement customers.



2. The retail channel dealers are managed by the Company's subsidiary Civil Construction Materials Group, the C-end service platform, the building coating materials retail division. An all-in-one composite marketing network covering dealers of home decoration companies, construction material supermarkets, construction material markets, operation centres, and community service stations as well as e-commerce platforms has been established to serve the general consumer home decoration and renovation markets.

### 3. Key Financial Information

#### (1) Key Financial Information of the Past Three Years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes  No

Unit: RMB

	31 December 2024	31 December 2023	Change of 31 December 2024 over 31 December 2023 (%)	31 December 2022
Total assets	44,715,448,811.80	51,173,993,594.77	-12.62%	50,590,772,907.13
Equity attributable to the listed company's shareholders	24,934,259,584.77	28,374,014,507.51	-12.12%	26,808,836,431.15
	2024	2023	2024-over-2023 change (%)	2022
Operating revenue	28,055,609,124.88	32,822,528,108.42	-14.52%	31,213,835,246.24
Net profit attributable to the listed company's shareholders	108,173,220.94	2,273,331,266.86	-95.24%	2,121,353,829.27
Net profit attributable to the listed company's shareholders before exceptional gains and losses	123,619,631.71	1,840,724,194.02	-93.28%	1,803,819,586.80
Net cash generated from/used in operating activities	3,457,444,253.01	2,103,197,639.61	64.39%	654,012,763.96
Basic earnings per share (RMB/share)	0.0435	0.9100	-95.22%	0.85
Diluted earnings per share (RMB/share)	0.0430	0.9000	-95.22%	0.84
Weighted average return on equity (%)	0.41%	8.24%	-7.83%	7.97%

**(2) Key Financial Information by Quarter**

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	7,149,293,164.43	8,069,175,919.51	6,480,252,677.23	6,356,887,363.71
Net profit attributable to the listed company's shareholders	347,722,453.72	595,521,860.32	334,021,307.49	-1,169,092,400.59
Net profit attributable to the listed company's shareholders before exceptional items	310,071,715.84	525,865,994.12	262,674,204.19	-974,992,282.44
Net cash generated from/used in operating activities	-1,889,121,570.11	561,381,197.10	835,426,873.57	3,949,757,752.45

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

**4. Share Capital and Shareholder Information at the Period-End****(1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top Ten Shareholders**

Unit: share

Number of ordinary shareholders at the period-end	201,371	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	196,144	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Top ten shareholders (exclusive of shares lent in refinancing)							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen		
					Status	Shares	
Li Weiguo	Domestic natural person	21.79%	530,802,887	428,499,665	In pledge	422,406,200	
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	14.00%	341,122,232	0	N/A	0	
Xu Limin	Domestic natural person	2.97%	72,269,250	54,201,937	N/A	0	
DCP Management,	Foreign	1.89%	45,969,375	0	N/A	0	



Ltd.—DCP USD Fund II	legal person						
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Fund	Other	1.38%	33,718,477	0	N/A		0
China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Fund (Initiative Class)	Other	0.95%	23,221,353	0	N/A		0
National Social Security Fund Portfolio 403	Other	0.95%	23,176,169	0	N/A		0
Xiang Jinming	Domestic natural person	0.91%	22,169,323	16,626,992	In pledge		5,000,000
Abu Dhabi Investment Authority	Foreign legal person	0.69%	16,708,456	0	N/A		0
National Social Security Fund Portfolio 107	Other	0.67%	16,319,255	0	N/A		0
Related or acting-in-concert parties among the shareholders above	It is unknown whether there is any related party or acting-in-concert party as defined in the Measures for the <i>Administration of the Takeover of Listed Companies</i> among the shareholders above.						
Shareholders involved in securities margin trading (if any)	N/A						

Shareholders holding more than 5% of shares, the top ten shareholders, and the top ten unrestricted circulating shareholders participating in the securities lending business under the repurchase and reverse repurchase agreement.

Applicable  Not applicable

Unit: share

Shareholders holding more than 5% of shares, the top ten shareholders, and the top ten unrestricted circulating shareholders participating in the securities lending business under the repurchase and reverse repurchase agreement.								
Full name of shareholder	Opening balance of shares held in the regular accounts and margin accounts		Opening balance of shares lent under the securities lending business and not yet returned		Closing balance of shares held in the regular accounts and margin accounts		Closing balance of shares lent under the securities lending business and not yet returned	
	Shares	As % of total share capital	Shares	As % of total share capital	Shares	As % of total share capital	Shares	As % of total share capital
National Social Security Fund Portfolio 403	6,593,969	0.26%	82,200	0.00%	23,176,169	0.95%	0	0.00%





China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Fund (Initiative Class)	5,585,953	0.22%	67,000	0.00%	23,221,353	0.95%	0	0.00%
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Fund	15,130,177	0.60%	107,800	0.00%	33,718,477	1.38%	0	0.00%
Industrial and Commercial Bank of China Limited – Hua Xia CSI 300 Exchange Traded Fund	3,584,720	0.14%	785,000	0.03%	15,433,020	0.63%	0	0.00%

The changes in the top ten shareholders and the top ten unrestricted circulating shareholders compared to the previous period were due to the lending/returning of shares under the securities lending business.

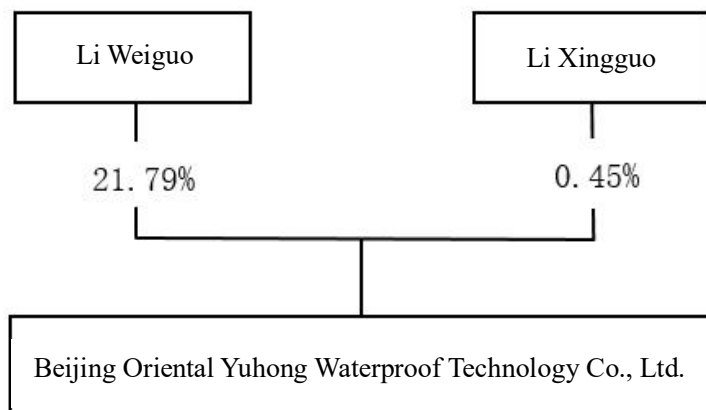
Applicable  Not applicable

## (2) Number of Preferred Shareholders and Shareholdings of Top Ten of Them

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

## (3) Ownership and Control Relations between the Actual Controller and the Company



Note: Mr. Li Weiguo is the actual controller of the Company. And Mr. Li Xingguo is Mr. Li Weiguo's brother and acting-in-concert party.



## 5. Outstanding Bonds at the Date when this Report Was Authorized for Issue

Applicable  Not applicable

### Part III Significant Events

#### (I) Overview

The Company remained dedicated to its strategic positioning of high-quality and more solid development, gave top priority to risk control, and insisted on sound operation and putting risk control in the first place to significantly enhance operational quality. During the Reporting Period, taking “Work Hard, Rise to Challenges, Stay Committed, Pursue a Better Future, and Move Forward Swiftly, Robustly and Ambitiously” as the operational focus, as well as following the core philosophy and principles of the *Basic Rules of Oriental Yuhong*, the Company actively promoted business structure transformation and upgrading. Always being customer-oriented, the Company aims to accommodate various application scenarios and market changes. It has become a construction materials system service provider that focuses on building waterproofing and extends to diversified fields including civil construction materials, mortar and powder, architectural coatings, energy-saving and thermal insulation materials, adhesives, tubes, building renovation, new energy, non-woven fabrics, specialized films, and emulsions.

#### 1. Focus on core business and continuously explore new growth curves

The Company focused on consolidating the waterproofing core business and actively expand into infrastructure construction in sectors such as transportation, water conservancy, energy, communication facilities, emerging urban infrastructure, industrial and mining warehousing logistics, public services such as science, education, culture, and health, as well as diversified application scenarios in affordable housing and civilian building materials. It strengthened efforts in the stock building market, developed businesses in old house renovation, urban village transformation, and urban renewal. It leveraged research and technological advantages to enrich product categories and upgrade the product system, promoted the development of new fields, new products, and new tracks, and strengthened the development of retail markets, non-housing markets, and lower-tier markets, further improving market share.

Leveraging the customer resources accumulated based on the main business of waterproofing,



the synergy of sales channels and a strong brand presence, the Company developed non-waterproofing businesses at a faster pace. Based on quality products and professional system services, the Company provided more refined one-stop construction material and system solutions to customers. With the synergistic advantage of the main waterproofing business's national channel network, the non-waterproofing businesses, such as mortar and powder, achieved faster growth, providing a second growth curve for the Company's sustainable development in the future, and taking a solid step toward realizing the dual main businesses of waterproofing and mortar/powder.

The Company has strengthened the foundation, accelerated the layout of overseas business, developed overseas markets, and strengthened international research and development. The Company has also established overseas subsidiaries, promoted overseas investments and acquisitions, established overseas factories, built overseas supply chains, cultivated overseas talent, and expanded overseas channels as part of the international strategic layout. In addition, the Company has achieved diversified business models in overseas trade, engineering, retail, and other sectors, providing a third growth curve for the Company's future sustainable development, and helping the Company become a global provider of building materials and systems services.

## **2. Channel transformation and deepening channel development**

During the Reporting Period, the Company deepened its channel development strategy, actively implemented channel transformation, and fostered channel growth. In 2024, the Company achieved a combined revenue of RMB23,562 million from the engineering and retail channels, accounting for 83.98% of the total revenue, with a year-on-year growth of 8.10%. Channel sales have now become the Company's primary sales model. On the one hand, the engineering channel continues to advance the "platform + creators" business management model, prioritizing partners, upgrading the partner system, and empowering partners to develop by continuously enhancing their management, business expansion, and construction service capabilities, thus improving their overall delivery ability to end customers and helping partners achieve sustained growth. On the other hand, the retail channel continuously deepens its penetration, enriches its channel matrix, focuses on channel refinement, and builds an online and offline integrated retail operation model.

## **3. Retail first, strengthening the foundation of consumer building materials**



The Company's retail business includes the Civil Construction Materials Group and C-end service platform, as well as the building coatings retail business segment. In 2024, the Company's retail business achieved operating revenue of RMB10,209 million, a year-on-year increase of 9.92%, accounting for 36.39% of total revenue, further increasing the share of retail business. Among them, the Civil Construction Materials Group, centred on users, combined industry development status with actual consumer needs to make technological breakthroughs, continuously providing consumers with innovative products with high technical content, environmental safety, and system solutions specially designed for various types of residential buildings. These solutions cover six key areas: waterproofing and moisture-proofing, wall coating, tile laying, joint beautification, sealants, and pipeline laying, meeting the diversified needs across various application scenarios. In 2024, the Civil Construction Materials Group achieved operating revenue of RMB9,373 million, a year-on-year increase of 14.58%. At the end of the Reporting Period, in order to integrate and enhance retail service capabilities and serve the C-end heavy renovation and maintenance markets more professionally and efficiently, the original retail business segment "Yuhong Home Service" under the Building Renovation Group was integrated with the "Reliable Yuhong Service" of the Civil Construction Materials Group, forming a unified C-end service platform managed by the Civil Construction Materials Group. The building coatings retail business, focusing on the core requirement of improving business quality, systematically reviewed its organizational structure, brand operations, channel management, and service systems. By positioning the "DWA" and "Alpina" brands, it built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and base materials, while exploring new ecosystems and profit growth points for the research and development, production, sales, and technical services of coatings retail business.

#### **4. Overseas first, accelerating global expansion**

During the Reporting Period, the Company further strengthened its overseas market research, improved its overseas organizational management system, and enhanced its international supply chain layout and channel development. On the one hand, it solidified the marketing and organizational capabilities of its overseas market teams, built and improved the regional personnel allocation and organizational structure overseas, and continuously developed a talent system with international competitive advantages to achieve independent operations and efficient services in key



markets. On the other hand, the Company actively established localized companies and has set up overseas subsidiaries or offices in multiple countries, actively building a global business network to lay a solid foundation for local operations of its overseas business.

As of the disclosure date of this report, progress has been made in the construction of overseas production bases: the Oriental Yuhong Houston Production, R&D and Logistics Base Groundbreaking Ceremony and the Launch of the New Journey of Internationalisation, was held in Prairie View, Texas, USA, during the Reporting Period. This project is aimed at addressing the demand for TPO waterproof materials in the North American and global construction and building materials markets, as well as the Company's international R&D technology development and application. The first phase plans to mainly build a TPO waterproof membrane production line and a North American R&D centre. The TDF Middle East Production Base Project in Dammam, Saudi Arabia, officially broke ground, with plans to build two fiberglass-reinforced polyester base fabric production lines and two polyester base fabric production lines. This project is beneficial in shortening the transportation distance of TDF's non-woven fabric and other series of products sold between the Middle East, Europe, Africa, and Western Asia, making manufacturing costs more competitive and further attracting global customers and resources. The Oriental Yuhong Malaysia Production, R&D, and Logistics Base successfully completed its first trial production. The base is equipped with multiple advanced production lines covering products such as mortar and water-based coatings, introducing advanced production technologies and intelligent production equipment. The products mainly serve markets in Singapore and Malaysia.

The Company actively engages in international exchanges and cooperation: it held the Oriental Yuhong Vietnam launch event and the Oriental Yuhong Malaysia new product launch event, empowering partners to establish Cambodia's first Oriental Yuhong Engineering Service Centre; it hosted the 2024 11th China International Pre-mixed Mortar Production and Application Technology Symposium; it exhibited multiple business segments at the 135th China Import and Export Fair, the 34th EXPO CIHAC, the 29th Build Bangladesh International Expo, and the 44th Big 5 Global Expo in Dubai; it participated in the 2024 Shanghai International Green Building Forum, SNEC 17th (2024) International Photovoltaic Power Generation and Smart Energy Conference & Exhibition in Shanghai, and the CHINAPLAS 2024; it showcased new retail products at the 23rd International Architecture, Interior Design & Building Exhibition 2024, Malaysia; its subsidiary Caparol (China)



Ltd. appeared at the 2024 China International Coatings Expo and the 22nd China Coatings Show 2024 and held the DAW 2025 Colour Talk. In addition, the Company signed strategic cooperation agreements with the EEI Group of the Philippines, TOA Group of Thailand, and ZW Steel Structure (Cambodia) Investment Co., Ltd., a cooperation memorandum with BASF, and cooperated with Uzbekistan-based “CHINA OVERSEAS INTERNATIONAL BELT AND ROAD INITIATIVE LLC” to complete the first export sale in the Central Asian region, laying a foundation for better participation in global market cooperation and competition and initiating the internationalization process.

5. Leading the way in the industry to drive sustainable development through innovation, and cultivating a new ecosystem for intelligent manufacturing

During the Reporting Period, the Company actively focused on key research and development areas such as “intelligent manufacturing, green low-carbon, and cutting-edge technology”, effectively promoting the organic integration of industrial chain, innovation chain, and value chain through continuously strengthening basic and core technology breakthrough capabilities, innovating scientific research mechanisms throughout the entire chain, and establishing a comprehensive technology transformation system. Leveraging platforms such as the National Key Laboratory of Special Waterproof Materials, the Nationally Recognized Enterprise Technology Centre, postdoctoral research stations, and the North American R&D centre, the Company focuses on current industry needs and trends. Through the application of new materials, new technologies, and new processes, it improved product and service quality, reduced energy consumption, and decreased carbon emissions. Furthermore, the Company implemented lean production management and innovates in R&D technology and the conversion of scientific and technological achievements, striving to build a high-quality scientific research and innovation system. This forms a full lifecycle innovation ecological chain that integrated "fundamental research, technological breakthrough, commercialization of research findings and industrial integration". The innovation-driven development strategy is integrated into system construction, scientific and technological research and development, product quality, manufacturing, system services, talent development, and cooperative exchanges, continually shaping new drivers and advantages for development and cultivating a new ecosystem for smart manufacturing. As of the end of the Reporting Period, the Company held a total of 1,916 valid patents, including 1,897 valid domestic patents (comprising



420 invention patents, 1,187 utility models, and 290 design patents) and 19 valid overseas patents. During the Reporting Period, the Company focused on industry development, market demands, and solving “bottleneck” problems constraining industrial development, carrying out research and achievement transformation for multiple innovation projects. At the same time, the Company freely opened nearly a hundred patent licenses to society, covering technical areas such as waterproofing materials, green production, and intelligent construction. By sharing scientific and technological achievements, it enhanced the overall technical level of the industry, promoted industrial transformation and upgrading, and led sustainable industry development.

## **(II) Industry Overview**

### **1. Macroeconomic and industry indicators**

According to data from the National Bureau of Statistics, preliminary calculations show that in 2024, the Gross Domestic Product (GDP) reached RMB134,908.4 billion, growing by 5.0% compared to the previous year. The total value added of industrial enterprises above designated size nationwide increased by 5.8%, with the manufacturing sector growing by 6.1%. The total profit of industrial enterprises above designated size nationwide decreased by 3.3%, with the manufacturing sector down by 3.9%, and the non-metallic mineral products industry falling by 45.1%. Nationwide fixed asset investment increased by 3.2%, with infrastructure investment growing by 4.4%, manufacturing investment up by 9.2%, and real estate development investment down by 10.6%. According to the China Building Materials Federation, the Building Materials Industry Prosperity Index for December 2024 was 101.1 points, down 1.3 points from the previous month, but up 0.2 points from the same month last year. It remained above the critical point and in the prosperous range, indicating that the industry’s economic performance remained stable.

### **2. Overview of the Industry and the Company’s Presence in the Industry**

The Company principally competes in the waterproof construction material industry, a segment of the construction material industry. Waterproof materials are functional materials indispensable for modern architecture. As cities keep growing and as existing stock building structures gradually enter aging and maintenance cycles, waterproof construction materials will be applied to more and more areas with great growth potential.

Currently, with low concentration, market fragmentation and unhealthy competition, the





domestic construction waterproofing industry features “many small firms in a large industry”. Among the many waterproofing firms, only a few can provide good services, while the many others are of small size with outdated technology and production technique. The market is flooded with counterfeit and shoddy products. And the industry is trapped in unhealthy competition. In recent years, with the rollout of regulating and industry policies and standards concerning quality inspection, anti-counterfeit, environment inspection, safe production and green and energy conservation, etc., in addition to a product structure upgrade, higher quality requirements of downstream customers, and increasing competitiveness of large waterproofing companies, the market is witnessing increasing concentration towards leading companies.

In 2024, the waterproofing industry faces both opportunities and challenges. On one hand, the industry concentration has increased, and the implementation of the *General Code for Waterproofing of Building and Municipal Engineering* (GB 55030-2022), along with the introduction of relevant supporting documents and measures by some provinces and cities, will bring improvements in quality and growth in the industry. In addition, the country’s continued promotion of "dual-heavy" projects and "dual-new" policies, as well as the active expansion into international markets, will create numerous opportunities for the waterproofing industry. On the other hand, the industry will also face several challenges due to factors such as the sustained high prices of upstream bulk raw materials, lower-than-expected downstream demand, and intensified industry competition.

Since its establishment, the Company has been providing high-quality, integrated construction material and system solutions for major infrastructure constructions, as well as industrial, civil and commercial constructions at home and abroad. It is dedicated to solving construction safety problems caused by low-quality waterproofing and the high leakage rate. Upon more than two decades of experience in the construction material industry, the Company has transformed and upgraded to be a domestic leader in terms of R&D, comprehensive product competitiveness, production process and equipment, application technology, marketing model, professional system service capability, brand presence, etc., with strong competitiveness and growth. It is considered a prominent presence in the industry.

### 3. Changes in relevant industry policies and specific impacts on the Company



The State Council issued the *2024-2025 Energy Conservation and CO<sub>2</sub> Reduction Plan*, which requires the promotion of energy-saving and carbon reduction transformation in the building materials industry, strengthening green design and construction management, researching and promoting new building materials and advanced technologies, and advancing the renovation of existing buildings. Seven departments, including the Ministry of Industry and Information Technology, jointly issued the *Guiding Opinions on Accelerating the Green Development of the Manufacturing Industry*, which calls for accelerating the green and low-carbon transformation and upgrading of traditional industries, promoting the green, low-carbon, and high-start development of emerging industries, cultivating new business forms for the green integration of manufacturing, and enhancing the basic capabilities for green development in manufacturing. The National Development and Reform Commission released the *Catalogue for Guiding Industry Restructuring (Version 2024)*, encouraging new building waterproof materials such as high-performance, high-durability, high-reliability modified asphalt waterproof membranes, polymer waterproof membranes, and water-based or high-solids content waterproof coatings. The State Administration for Market Regulation and five other departments issued the *National Quality and Brand Enhancement Demonstration Area Management Measures (Trial)*, stating that to implement the *Quality Power Construction Outline* and better leverage the role of quality in promoting the growth and strengthening of enterprises, supporting the construction of strong industrial clusters, and driving urban sustainable development, the creation of national quality and brand enhancement demonstration areas should be regulated to build industrial clusters with strong quality leadership and high product and service reputation. These policies positively encourage construction material companies to fully implement the principles of quality development, green development, and low-carbon development. They foster a transformation towards green and sustainable development through their own scientific and technological innovation, process improvements, smart manufacturing, and green construction. With the issuance of policies related to peak carbon emissions and carbon neutrality, high-energy-output and environmentally friendly benchmark enterprises in the construction materials industry will benefit, while outdated, non-energy-saving, and non-environmentally friendly enterprises will be phased out more quickly. On the other hand, this may also expand the market space for related industrial chain products and system services.

The *Government Work Report* for 2024 proposed issuing ultra-long-term special national



bonds for several consecutive years starting this year, specifically for the implementation of major national strategies and the construction of security capabilities in key areas. It encourages and promotes the replacement of consumer goods with new ones. The report focuses on supporting technological innovation, new infrastructure, energy conservation, emission reduction, and carbon reduction, strengthening the short-term supplementation of economic and social weak areas such as people's livelihood, advancing the construction of flood control, drainage, and disaster prevention infrastructure, and promoting the updating and technological transformation of various production and service equipment. It also emphasizes the renovation of old urban communities and the supply of affordable housing, steadily advancing rural reform and development, and implementing rural construction actions. The report actively promotes new urbanization, steadily implements urban renewal actions, advances the construction of "dual-purpose" public infrastructure, transforms urban villages, and accelerates the improvement of underground pipeline networks. The *Decision of the Central Committee of the Communist Party of China on Further Deepening Reform and Promoting Chinese-style Modernization* focuses on building a beautiful China, green and low-carbon development, creating new industries, new models, and new momentum, and developing productivity characterized by high technology, high efficiency, and high quality. It also calls for the coordinated development of new industrialization, new urbanization, and the comprehensive revitalization of rural areas. In addition, the General Office of the Ministry of Finance and the General Office of the Ministry of Housing and Urban-Rural Development issued the *Notice on Carrying out Urban Renewal Demonstration Work*, the General Office of the Ministry of Natural Resources issued the *Notice on Further Strengthening Planning and Land Policy Support for the Renovation and Renewal of Old Communities*, and the Ministry of Housing and Urban-Rural Development and the Ministry of Finance jointly issued a notice to further deploy local efforts on urban village renovation. A series of policies have been introduced to provide market opportunities for the Company to expand into new fields and new tracks, achieving diversified, high-quality, and steady development. The Company will continue to leverage the implementation of the *General Code for Waterproofing of Building and Municipal Engineering* (GB 55030-2022) to further explore opportunities from markets such as dual-heavy and dual-new projects, old housing renovation, urban village renovation, urban renewal, "dual-purpose" public infrastructure construction, home decoration retail, industrial and commercial buildings, and international



business, and will continue to increase efforts in technological innovation, optimize product structure, and expand application scenarios.

In response to related policies, the Company has organized serious studies from policy research, product development, process improvement, production and sales, standardized construction and training of construction workers, environmental protection measures, and other comprehensive areas. It explores paths for green and sustainable development, seizing opportunities, and fully leveraging and expanding the Company's comprehensive competitive advantages in branding, product research and development, product quality, product categories, cost benefits, marketing networks, application technology, and system service. The Company applies its high-quality products and professional system services to more global scenarios, driving industry sustainable development through innovation, creating a quality human living environment, and enhancing the quality of life.

#### 4. Periodicity, seasonality and regionality of the industry

(1) Periodicity. Waterproof construction material industry is a fundamental industry in the field of building materials, without clear periodicity.

(2) Seasonality. Waterproof construction material industry has seasonality to a certain extent. In North China, the first quarter of each year is generally the slack season for the sales of waterproof building materials and engineering construction because of cold weather. In South China, the seasonality of waterproof building materials is mainly reflected in the reduction in construction in rainy seasons.

(3) Regionality. The economic transportation radius of waterproof building materials is approximately 500 kilometres, so this industry has certain regional characteristics. The enterprises in the industry are generally of small scale, and many of them limit the sales of waterproof materials to the regions where the materials are produced, further reinforcing the regional characteristics of the industry. Therefore, in order to grow bigger and stronger in the industry and increase market shares, it is all the more necessary for enterprises of this industry to build production bases at home and abroad and actively conduct cross-regional and international business.

The Company has built R&D centres for production and logistics in regions such as North China, East China, Northeast China, Central China, South China, Northwest China, and Southwest



China. Additionally, it intends to build factories in Southeast Asia, the Middle East, North America progressively to cater to customers worldwide. Its production capacity is arranged extensively and rationally to ensure that its products can be sold to markets at lower warehousing and logistics costs, and that coordinated production and shipment are realized all over the country. Therefore, the Company enjoys competitive advantages unmatched by its competitors in respect of satisfying customers' diverse product demands and the supply requirements nationwide.

#### 5. Main raw materials of products and their supply

The main raw materials required for the Company's production include asphalt, SBS modifiers, polyester base fabric, emulsion, polyether, TDI, MDI, and TPO resin, among others. The supply remains sufficient and stable. Among these, asphalt is one of the Company's primary raw materials. During the Reporting Period, the prices of some raw materials, represented by asphalt, remained at high levels, exerting a certain impact on the Company's overall gross profit margin. With a mature and comprehensive raw material procurement system, the Company has leveraged its economies of scale to establish strategic partnerships with major upstream raw material suppliers, ensuring a stable and long-term supply of key raw materials at relatively low prices to reduce production costs. The procurement department closely monitors market trends and strategically schedules the purchasing of critical materials. Various departments work efficiently together to control costs through technological advancements, centralized procurement of key raw materials, enhanced bargaining power, and economies of scale. Additionally, based on production and operational needs as well as industry market conditions, the Company adopts strategies such as off-season purchasing and opportunistic procurement to further lower procurement costs. To ensure the stable supply of certain critical raw materials and further optimize material costs, the Company has extended its industrial chain upstream to cover non-woven fabrics, specialty films, VAE emulsions, and VAEP adhesive powders. These initiatives strengthen the Company's resilience in procurement and enhance its cost advantages.

### **(III) Business Plan for the Coming Year**

Based on an analysis of the macroeconomy and the Company's core competitive advantages, and in accordance with the Company's development strategy, the theme for 2025 is "Believe in the power of continuous effort, believe in the power of truth, goodness, and beauty, believe in the



power of the Company, the team, and partners, and have unconditional confidence". The main operational plans for the year are as follows:

1. Upgrade channel development and management system, co-create, share, and win with partners

Adhering to a partner-centred approach, focus on developing partners, the Company will continuously empower them, and enhance their operational capabilities in serving end customers. The Company will also strengthen the development, classification management, and order control of partners, upgrade partner services, manage channels by category, segmented tracks, and city level, and establish tiered policies for partners based on product, field, and region. The Company will also focus on low-tier cities and full-category coverage, upgrade the professional service capabilities of C-end service providers, and integrate online and offline full-link marketing in the Civil Construction Materials Group. The Industrial Construction Materials Group will match partners based on project attributes, resource development, and matching.

2. Fully control risks and improve operational quality

The Company will further upgrade and improve the partner credit policies, enhance the review of partner qualifications and credit status, strictly control bad debt risks, and continuously improve cash flow, making positive cash flow the main basis for operational management and decision-making. The Company will also upgrade contract management, strengthen process control, enhance receivables management, continue to prioritize collections, and fully build a specialized, sustainable collections team.

3. Persist in technological innovation, maintain quality standards, and sustain core competitiveness

The Company will maintain cost leadership through technological innovation, process innovation, management innovation, system innovation, and their interlinkages, build innovation platforms, accelerate key core technology breakthroughs and industrial upgrades, focus on market demands, and cross-field development of new structural raw materials, as well as new products with single or multiple functions, innovate the product system and create differentiated advantages through integrated and scenario-based solutions, and uphold quality standards, ensuring that quality remains at the core of the Oriental Yuhong brand value, and ensure product and service quality to



maintain the core competitiveness of quality leadership.

4. Build three major platforms around sales and foster collaborative development across segments

The Company will fully leverage the Civil Construction Materials Group's distribution network, service points, and other channel resources to create a domestic retail building materials sales platform, selling waterproof coatings, membranes, sand powder, architectural coatings, pipes, and other retail-consumer-oriented products.

The Company will maximize the advantages of the engineering channel to build a domestic engineering building materials sales platform, achieve channel integration, customer integration, technology integration, and production-delivery integration through organizational transformation to enhance cross-segment collaboration capabilities. The Industrial Construction Materials Group will strengthen regional autonomous decision-making power and respond quickly to market demands.

The Company will rapidly develop overseas markets and establish an overseas building materials sales platform, fully supporting the Company's various segments and product categories to expand internationally.

The Company will also fully utilize the sales resources of the three platforms to efficiently collaborate, creating synergies to support sand powder, DWA architectural coatings, insulation materials, pipes, adhesives, photovoltaics, Yuhong tiles, and other non-waterproof categories in refining channel layouts, ensuring that the Company meets customer demands in all regions, categories, and channels, while establishing a customer-centred decision-making and service system.

5. Focus on waterproofing and sand powder as dual core businesses to create new growth engines

In the waterproofing sector, the Company will focus on strengthening channels, products, and markets, gradually increasing market share, developing specialized and innovative products, optimizing the product structure, and enhancing profitability. In the sand powder sector, the Company will further improve capacity layout through innovation in technology, products, and





supply chains to achieve cost leadership in all regions and product categories, leverage the Civil Construction Materials Group's retail channel advantages to expand C-end business, and utilize the Industrial Construction Materials Group's sales and partner resources to grow B-end business, making sand powder a new growth engine for the Company.

#### 6. Go all out to expand overseas and rapidly develop international business

The Company will adopt an entrepreneurial mindset to explore and develop overseas markets, systematically and continuously advance the overseas strategy, focusing on competitive product categories, and aligning strategies for each product category's international expansion. The Company will also maintain parallel development of international trade and mergers and acquisitions, expand import and export trade categories, localize market layouts in target countries, build international channel networks, establish localized supply chains as appropriate, increase mergers and acquisitions, broaden acquisition areas and scope, and utilize advantageous resources to enter overseas markets rapidly through acquisitions.

#### 7. Improve operational efficiency through organizational transformation and elite management of Yuhong

The Company will optimize its operational management system through organizational transformation, reduce internal communication and collaboration costs, enhance operational efficiency, eliminate management waste, and build an agile organization committed to continuous hard work. The Company will also continuously adhere to professional, vocational, youthful, and international hiring standards, actively promote and cultivate a culture of "not adhering to authority, not adhering to formalities, but adhering to facts". In addition, the Company will focus on customers, results-oriented, eliminate the false and retain the true, let the spirit of freedom flourish, and encourage all employees to contribute ideas, making contributions to the Company's development.