

Creating Sustainable and Safe Environment for Human Society

Stock code: 002271

Oriental Yuhong
2024
Sustainability Report



Scope

This report focuses on Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (hereinafter referred to as "Oriental Yuhong", "the Company", or "the Group") and its subsidiaries. The scope of disclosure in this report aligns with the scope covered in the Company's annual report, with the exception of specific organizations noted otherwise.

Reporting Period

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About Us

Company Profile

Beijing Oriental Yuhong Waterproof Technology Co., Ltd. was established in 1995 and is headquartered in Beijing, China. The Company was listed on the Shenzhen Stock Exchange in 2008 (Stock Code: 002271). Pursuing high-quality and steady development, the Company has evolved into a comprehensive building materials system service provider, with waterproofing as its core business and diversified extensions in civil building materials, mortar, architectural coatings, energy-saving insulation, adhesives, piping, building repair, new energy, non-woven fabrics, specialty films, and emulsions.

Since its establishment, the Company has adhered to technological innovation to drive green and low-carbon sustainable development, building a high-quality scientific research and innovation system. Relying on platforms such as the National Key Laboratory of Advanced Waterproof Materials, the National Enterprise Technology Center, the Postdoctoral Research Station, and the North American R&D Center, the Company has strengthened key core technology research and industrial upgrading, continuously providing customers with environmentally friendly, efficient, energy-saving, low-carbon, and safe high-quality products. The Company has won honors such as the 17th "National Quality Award", "National Quality Benchmark", and "National Technology Innovation Demonstration Enterprise". Some products have obtained multiple domestic and international certifications, including EU CE certification and German EC1 certification.

The Company has successfully applied high-quality products and professional system services to numerous fields, including housing construction, highways, urban bridges, subways and urban rail transit, high-speed railways, airports, water conservancy facilities, and utility tunnels. We have provided high-quality and comprehensive system solutions for tens of thousands of major infrastructure projects, industrial buildings, and civil and commercial buildings worldwide, including iconic Chinese structures such as the Great Hall of the People and the Bird's Nest, national major infrastructure projects like the Beijing-Shanghai High-Speed Railway and Beijing Subway, as well as overseas landmark projects under the "Belt and Road" initiative, creating a "professional business card" for the industry's building material system services with high-quality and efficient products and services.

In 2024, the Company was selected for the Fortune China 500, the Global Building Materials Listed Companies Comprehensive Strength Ranking, the Top 10 Asian Building Waterproofing Material Brand Value Ranking, and the China Brand 500 Ranking, and ranked first in the 2024 Asian Building Waterproofing Material Brand Value Ranking.

Asian Building Waterproofing
Materials Brand Value List

1

Global Building Materials Listed
Companies Comprehensive Strength List

42

Fortune China 500 List

431



Corporate Culture

f "uniting people through culture and leading development through strategy", strategic goals. Internally, the Company strengthens its values, improves the corporate governance. Externally, it actively fulfills social responsibilities, and practices sustainable development.

ilding waterproofing as its main business, primarily due to the pain of building leak-free houses" became the Company's most fundamental value pursuit, purpose: "For the country, for society, for customers, for employees, and for For" purpose, the Company established its mission to "create a lasting and ety", aiming to become the most valuable enterprise in the global building

respect with genuine materials and high-quality products and services, ty" as its core values. In 2016, the Company summarized its development les, and for the first time compiled and released the "Oriental Yuhong Basic system that serves as a guide for the Company's future development.

a form of organisation in human commercial activity. Oriental Yuhong maintains humility in serving humanity and a profound respect for the . The Company pursues commercial civilisation and embraces human us, it rejects all environmentally harmful, inhumane, and unlawful ideas and

2, Chapter 1 General Rules of the Basic Rules of Oriental Yuhong

Major Awards and Honors

- 2024 Fortune China 500
- 2024 China Top 500 Private Enterprises
- 2024 China Brand Value List
- 2024 New Fortune Magazine "Best Listed Companies"
- Top 10 Asian Building Waterproofing Material Brands by Brand Value
- 2024 Outstanding Contribution Award in the Home Decoration Industry
- Leading Enterprise in the Building Waterproofing Industry
- Influential Brand in the Ready-Mixed Mortar Industry
- 2024 Exemplary Furniture Brand
- 2024 People's Craftsmanship Brand
- 2024 Top 20 Building Materials Enterprises
- Huatu Award - Gold Medal for Excellence in Waterproof Coatings

Corporate Governance



Oriental Yuhong strictly adheres to the requirements of the "Company Law", "Securities Law", "Corporate Governance Guidelines for Listed Companies", "Listing Rules of the Shenzhen Stock Exchange", and relevant laws and regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. The Company continuously improves its corporate governance mechanisms, refines its corporate governance structure, strengthens internal and external management and supervision, actively practices sustainable development concepts, standardizes operations, enhances corporate governance levels and risk prevention capabilities, and safeguards the interests of the company and all shareholders.

Board Diversity

In the process of selecting directors, the Company strictly follows relevant laws and regulations, fulfills the director election procedures, and ensures that the number and composition of the board of directors meet relevant requirements. The Company values various diversity factors, including but not limited to gender, race, age, cultural background, educational background, and industry experience, and scientifically and reasonably appoints suitable candidates. The Company's board of directors consists of 11 members, including 4 independent directors and 3 female directors, accounting for 36% and 27% of the total board members, respectively.

Compliance Management

Oriental Yuhong adheres to the basic principle of legal and compliant operations, practices the core concepts of the "Oriental Yuhong Basic Law", and complies with business norms, ethical standards, and applicable laws and regulations. The Company has established three lines of defense for compliance management: functional departments and business units as the first line of defense, responsible for the compliance of their respective departments and business areas; the risk control center as the second line of defense, supervising the compliance responsibilities of functional departments and business units; and the audit and supervision center as the third line of defense, responsible for overseeing compliance management duties within its authority, accepting compliance reports, and organizing or participating in investigations of violations.

2024



The training participation rate for new employees on the Oriental Yuhong Basic Law is 100%

Anti-Corruption

The Company has established an audit and supervision department to independently carry out anti-corruption related work, under the business guidance and supervision of the group audit committee, to ensure the Company's business is conducted in a compliant, orderly, and efficient manner.

The Company has established and improved an anti-corruption prevention system, compiling and releasing institutional documents such as the "Audit and Supervision Management Regulations" and the "Major Issues Accountability System", explicitly prohibiting any form of bribery and corruption. The "Audit and Supervision Management Regulations" clarify the audit and supervision institutions and their responsibilities, audit scope, authority and basis, work procedures, and processes, standardizing internal management and audit supervision work; the "Major Issues Accountability System" guides employees to correctly perform their duties and provides a basis for standardizing the handling of various violations, disciplinary actions, and corruption.

The Company has issued the "Oriental Yuhong Whistleblower Management Measures", which clarify the responsibilities and scope of the department handling whistleblower reports, the scope of what can be reported, as well as the methods for reporting, rewards for whistleblowers, and confidentiality matters. It also stipulates clear measures to protect whistleblowers and key informants, encouraging employees and partners to actively participate in Company management and promptly supervise and report any illegal or non-compliant behavior.



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Internal office platform: OA homepage - Integrity Warning Column - Online Reporting
WeChat public account: Oriental Yuhong Integrity and Compliance Public Account - Reporting Channel - Online Reporting

The Company regularly conducts internal audits to assess the effectiveness of the anti-bribery and anti-corruption system, promptly identifying potential risks and issues. In line with external regulatory requirements and the Company's business development needs, it continuously improves and optimizes the anti-bribery and anti-corruption system to ensure it meets the Company's developmental needs and effectively controls corruption risks.

The Company conducts comprehensive anti-corruption risk assessments to identify potential bribery and corruption risk points, such as procurement, sales, finance, and other key areas, as well as high-risk fields involving fund flows and contract signings. It formulates specific anti-corruption risk control measures and strengthens internal audits, regularly reviewing business activities to ensure compliance. At the beginning of each year, the Company formulates an annual audit plan and implements it within the year, covering all business units of the Company.

The Company regularly conducts anti-bribery and anti-corruption training and carries out anti-corruption and integrity education for employees and partners to enhance their compliance awareness and legal consciousness. Throughout the year, the Company organized 43 anti-corruption training sessions, covering approximately 1,500 employees. In 2024, the Company held a logistics supplier conference, at which it clarified its "zero tolerance" stance on corruption issues and expressed its desire to jointly create a fair and clean cooperation platform.

The Company adheres to the principle of "risk control first, steady operation", optimizes the "Oriental Yuhong Risk Control System" and supporting rules, continuously improves the risk control system, controls and prevents risks in business operations and management, enhances risk control levels, and improves business quality.

The Company has upgraded its credit policy, implementing a thorough risk management



Oriental Yuhong integrates sustainability concepts and requirements into the Company's strategic planning,

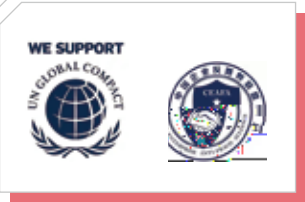
Working Area	Definition	Supporting the United Nations Sustainable Development Goals (SDGs)	Key Indicators and Goals
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Green innovation	Driving company development through technological innovation, leading industry transformation with green, environmentally friendly, and healthy practices, and contributing to the construction of high-quality buildings that harmonize humans and nature.	 	• Incorporate low-carbon, green, and health factors into R&D design plans. • By 2025, obtain domestic and international eco-product certifications for major product categories.
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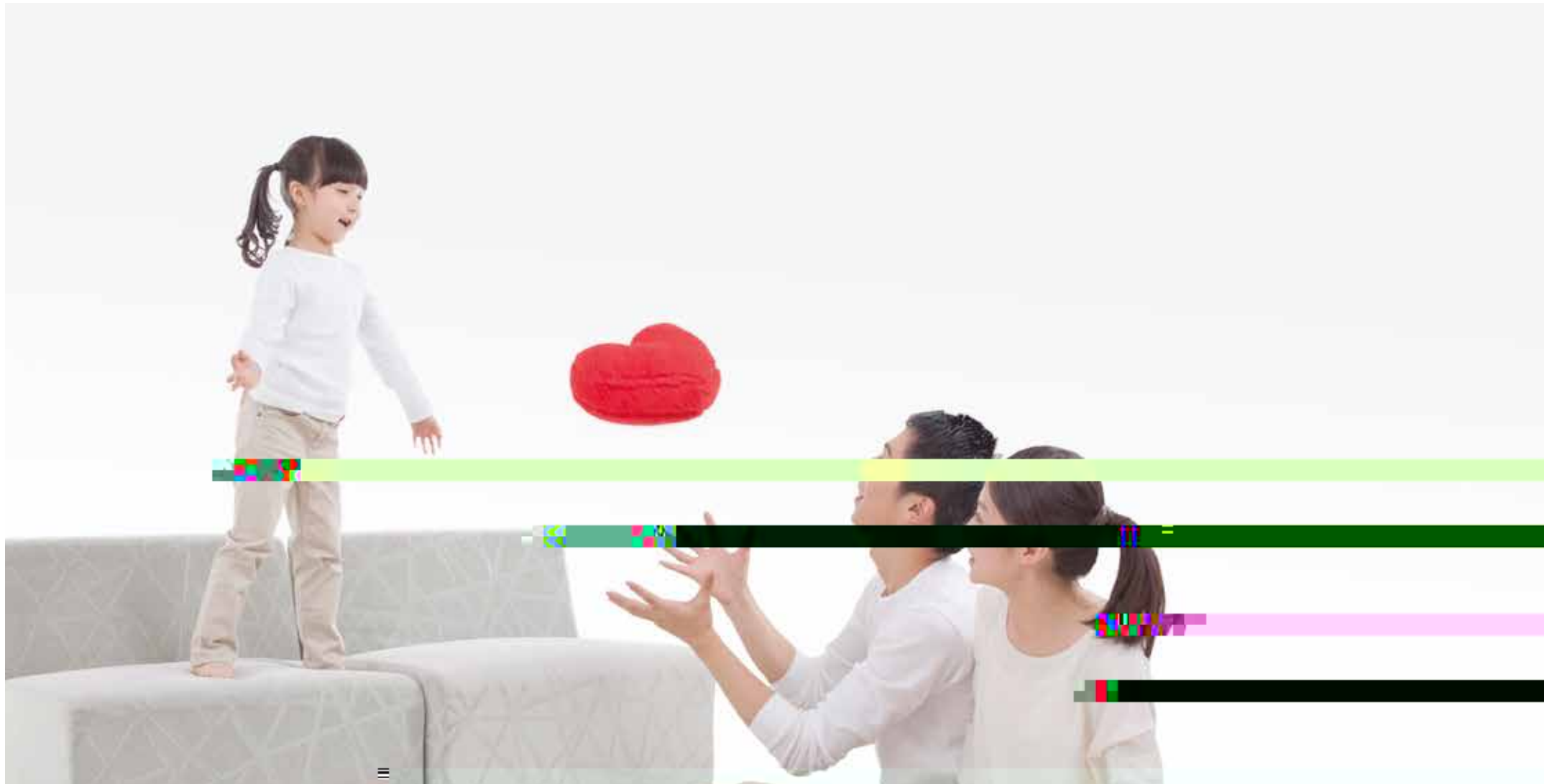
Stakeholders	Primary Communication Methods and Channels	Communication Content	Key Concerns or Expectations
Shareholders	Release periodic reports, hold board meetings, shareholder meetings, and performance presentation. Set up investor hotlines and email, conduct roadshows, strategy meetings, and on-site research	Corporate governance, developing strategies, operational initiatives, financial performance, ESG and climate change response	Sustainable profitability Standardized corporate governance Disclosure of operational information Return to shareholders
Customers	Direct visits, customer inspections, exhibitions, technical promotion meetings, surveys, project follow-ups, meetings, regional manager visits, and site inspections	Product performance, quality and pricing, on-time delivery rate, inspection pass rate, service content and level	Honest fulfillment of contracts Providing high-quality, differentiated products Premium services Customer privacy protection
Employees	Employee satisfaction surveys, discussion forums, skills competitions, Chairman/CEO email, OA, and annual summary meetings Corporate governance surveys, if available Employee satisfaction surveys, if available		

In November 2024, Oriental Yuhong officially joined the United Nations Global Compact, committing to support the ten principles of the Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Company has integrated these principles into its strategy, culture, and daily operations, making them part of its code of conduct. Guided by this universal language and framework, Oriental Yuhong will engage in more profound sustainable development actions by participating in capacity-building activities, dialogue platforms, industry standard-setting, and partnership collaborations. Together with other member organizations, the Company will advance the achievement of the United Nations Sustainable Development Goals.

The Company actively participates in sustainability-related initiatives and activities within the industry and professional fields. It has successively joined organizations such as the "China ESG Leaders Organization", the "China Enterprise Anti-Fraud Alliance", and the "Meijia Preferred Alliance". By collaborating with outstanding enterprises, the Company explores concepts and trends related to social responsibility and sustainable development, communicates and exchanges ideas, and learns best practices. Together with these organizations, the Company strives to enhance its ESG and sustainable development management capabilities.



Based on the development characteristics of the building materials field, internal and external stakeholder expectations, and the global sustainability background and trends, the Company refers to domestic and international social responsibility and sustainability-related standards, guidelines, and initiatives, as well as building materials industry development-related documents, to identify issues that impact the Company's creation of economic, social, and environmental value and affect stakeholder evaluation of the Company. After stakeholder evaluation and Company management review, the final material issues are formed.



**Enhancing Building Quality,
Safeguarding a Better**

Diverse Products and System Solutions

Examples of Oriental Yuhong's Participation in Major Infrastructure Construction in 2024

Provided TPO waterproofing system solutions for Asia's largest single rocket assembly plant—Tianbing Technology's Zhangjiagang Intelligent Manufacturing Base





The Company is committed to becoming the most valuable enterprise in the global building materials industry, providing customers with high-quality building materials, efficient logistics services, standardized construction management systems, and quick service response times, offering customers a higher level of service experience.

Efficient Logistics System

Relying on nationwide production, R&D, and logistics bases and over 100 subsidiaries, Oriental Yuhong strives to achieve the service commitment of "300-kilometer radiation radius, 24-hour mission delivery", aiming to provide efficient logistics services with better quality, higher standards, and more warmth, safeguarding people's better lives.

By building an efficient warehouse management system and logistics platform, the Company achieves functions such as appointment, factory management, and automated shipping plans, reducing time costs, ensuring smooth and efficient order processing and delivery, and ensuring timely, safe, and reliable delivery of products to customers. For some products, the Company launched a "half-day delivery" service, reducing intermediate handling time, starting the delivery

Case Study: Beijing Chaoyang Station Underground Waterproofing Project for the Beijing-Harbin High-Speed Railway Won the 2024 Building Waterproofing Industry Science and Technology Award "Engineering Technology Award (Golden Yu Award - Waterproofing Project)"

The Beijing Chaoyang Station transportation hub project for the Beijing-Harbin High-Speed Railway has a total construction area of 133,000 square meters, with a first-level waterproofing grade. Due to the high groundwater level, high standards, and complex construction conditions, the construction difficulty increased. After comprehensive consideration and rigorous screening of design, product performance, and supporting services, the project ultimately adopted Oriental Yuhong's PMH3080 polymer self-adhesive membrane waterproofing membrane, with high-density polyethylene (HDPE) as the base film, single-sided coated with polymer hot-melt pressure-sensitive adhesive film, and organic/inorganic composite reinforcement coating on the surface. The side walls used Oriental Yuhong's PMH-3041 polymer self-adhesive membrane waterproofing membrane (base self-adhesive). During the project construction, the Company's technical team supported the construction unit in completing the waterproofing project with high quality through efficient and high-quality engineering services. The project ultimately won the 2024 Building Waterproofing Industry Science and Technology Award "Engineering Technology Award (Golden Yu Award - Waterproofing Project)",

Handling Customer Complaint

The Company established a customer complaint handling mechanism, optimized the "Customer Complaint Handling Management System", clarified the customer complaint handling department, and stipulated the acceptance and handling of customer inquiries, queries, complaints, and improvements according to complaint types, continuously improving service levels. The Company fully implemented the "first-contact responsibility system" for handling customer complaints, where the first employee to receive a complaint is responsible for delivering it to the department handling customer complaints, which then categorizes and processes it according to the actual situation, stipulating the completion time for various complaint events, strengthening complaint management, and shortening the handling cycle.

Customers can file complaints, inquiries, and queries through the 400 service hotline, official website, Weibo, official WeChat, letters/fax, visits, phone calls, and email. In 2024, the Company-



02

Technology-Driven Transformation, Innovation Leads Development

As a building materials system service provider, the Company relies on cutting-edge industry research platforms, professional technical talent, and extensive experience in building materials product development to continuously enhance technological innovation. By deepening expertise and pioneering innovation, the Company actively explores new fields and tracks while implementing an innovation-driven development strategy, enhancing the new productive forces in the building materials industry and injecting new momentum for sustainable development.



Enhancing Technological Innovation Capabilities

Technological Innovation System

The Company places great importance on R&D innovation, establishing a comprehensive scientific research and innovation system spanning basic research, technological breakthroughs,achievement transformation, and industrial integration. It has set up four major R&D centers for product development, application technology, production process equipment, and engineering construction technology. The Company has built an enterprise innovation platform centered around the National Key Laboratory for Advanced Waterproof Materials, the National Enterprise Technology Center, the Postdoctoral Research Station, and the North American R&D Center. It actively expands cooperation with domestic and international research institutions and renowned enterprises to strengthen innovation capabilities, providing new momentum for the development of the Company and the industry. In 2024, the Company signed joint strategic cooperation agreements with Wanhua Group and Zhejiang Construction Technology, focusing on key common technical challenges in water-based polyurethane waterproof coatings and the waterproofing field, leading the original development of forward-looking and cutting-edge technologies, accelerating the cultivation of new productive forces, and enhancing development momentum.

The Company actively fosters a culture of scientific research and innovation internally, establishing a diversified R&D incentive system to encourage innovative projects and achievements in basic research, research result transformation, product optimization, and quality improvement. It implements rewards for scientific and technological achievements, product quality enhancement, and scientific and technological achievement appraisal, with annual rewards exceeding 10 million yuan. In collaboration with the Zhan Tianyou Science and Technology Development Foundation, the Company has established the Zhan Tianyou Railway Science and Technology Award - Oriental Yuhong Materials Award to promote technological innovation and the growth of outstanding talents.

For many years, the Company has conducted internal evaluations and recognition activities for scientific and technological achievements. In 2024, it organized the 10th Scientific and Technological Achievement Awards, with a total of 20 achievements recognized and cumulative rewards amounting to 2.7 million yuan. The awarded projects spanned technology development, process innovation, and basic research. Additionally, the Company hosted the "Breaking Limits, Surpassing Boundaries" Technology Forum, addressing existing issues and technical bottlenecks in R&D work by proposing scientifically sound and actionable measures. Through appraise through comparison, corresponding awards were granted, accompanied by cash incentives.

Technological Innovation Achievements

Based on market demand and industry development needs, the Company continues to strengthen core technology tackling, forming a batch of key core technologies through independent scientific research and innovation, filling multiple industry technology gaps, and leading industry transformation. In 2024, Oriental Yuhong launched over 500 new products, including the Polyurea System, Exterior Wall Insulation Waterproof and Breathable System, New HDPE Self-adhesive Membrane Composite Waterproof System, "Forest Echo" Series, and Ultra-strong Concrete Waterproof Tiles for Tile Roofs, empowering the construction of quality projects and safeguarding beautiful living environments.

Innovative Technologies and Products	Description
Complete Technology and Equipment for Ultra-Wide and Long-Length TPO Anti-Seepage Membrane Products	Developed to address complex environments in water conservancy and hydropower projects, such as high water pressure, long-term immersion, and uneven settlement, this innovation features a 6-meter ultra-wide and 100-meter-long TPO anti-seepage membrane product. It was first applied in the world-class Jiangsu Jurong Pumped Storage Power Station, filling a gap in China's water conservancy and hydropower engineering construction waterproof materials.
VisuaI HDPE Polymer Self-Adhesive Pre-Applied Waterproof Membrane	This transparent and lightweight waterproof membrane has an overall light transmittance of over 60%*, solving the problem of accurately locating and quickly welding fixed points under dim conditions. It is suitable for waterproofing applications in low-light underground projects such as mountain tunnels, underground excavation storage, municipal underground corridors, and subway stations.
Dahongren Non-Curing Rubber Asphalt Waterproof Coating Thermal Chain Storage and Transportation Project	A pioneering innovation in the industry, Dahongren intelligent equipment uses insulated tank packaging to deliver "hot" non-curing rubber asphalt waterproof coating directly to construction sites. This enables immediate production, delivery, and use, revolutionizing the traditional "storage, transportation, and use" model of barrel-packaged non-curing materials. It eliminates the need for reheating, saving time and being energy-efficient and environmentally friendly.
Alpina New Classic Wall Paint	Developed in collaboration with suppliers, this product features an innovative formula free of preservatives, solvents, plasticizers, and harmful volatiles. It offers high coverage, easy application, a smooth finish, and efficient brushing. It protects walls from moisture, stains, corrosion, and oxidation, extending the lifespan of walls. The product has received the New Blue Angel certification and the FREI VON eco-label.
Fiberglass Mesh Reinforced Polyester Base Fabric	This fiberglass mesh4i_tank pco7 ()n083 Mr1.tlI9dJ0.004 Tc 0Sy talneed

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Developing Green and Eco-friendly Products



Against the backdrop and trend of global low-carbon and green transformation, the use of green building materials and the creation of green buildings have gradually become a broad consensus in the construction industry and society at large. Oriental Yuhong, based on its core business of building materials, leverages its scientific research and technological advantages to enrich the green and eco-friendly attributes of existing products, actively expanding diversified application scenarios to provide comprehensive green waterproofing system services to society.

The Company strictly complies with laws, regulations, and technical specifications such as the "Technical Requirements for Environmental Labeling Products", considering the environmental and social impacts of waterproofing products throughout their lifecycle, including production, use, and disposal, during the R&D and design stages.

In recent years, the Company has continuously developed and used low-carbon, eco-friendly raw materials and production processes to reduce environmental burdens and health impacts on production personnel. It explores the use of recyclable materials to reduce resource consumption and employs formaldehyde-free, asbestos-free, and heavy metal-free raw materials to ensure indoor air quality. Through continuous innovation breakthroughs, the Company brings healthier, safer, more eco-friendly, and more durable products to the market.

In 2024, the Company remains committed to a user-centric approach, continuously achieving technological breakthroughs based on industry challenges and consumer needs. We have launched a series of cutting-edge, low-carbon, energy-efficient, and eco-friendly products, providing consumers with a healthier and more pleasant living environment.

Zhen-Formaldehyde-Removing Anion Sealant	This product incorporates natural mineral powder, which generates a large number of anions to decompose harmful substionances in the air, such as formaldehyde, toluene, and bacteria. Combining the air-purifying effects of anions with practical features like wear resistance, stain resistance, and acid-alkali resistance, it provides consumers with a safe and durable whole-house seam beautification system solution.
PPR Antibacterial Series Pipes	By adding nano-silver ion antibacterial agents to the original PPR standard pipe material, an antibacterial layer is formed. The silver ions adhere to the surface of bacteria, inhibiting their activity and reproduction, achieving sterilization and disinfection effects. The entire product line has passed strict antibacterial testing by the China Antibacterial Association (CIAA) testing laboratory, meeting the Grade I antibacterial standard.
Home service Odor and Formaldehyde Removal Box and Other Odor and Formaldehyde Removal Series Products	Leveraging photocatalytic product preparation technology, these products use photocatalytic materials to treat VOCs, bacteria, and viruses in indoor and vehicle air. The Yuhong Daojia series offers green, eco-friendly, and worry-free solutions for environmental purification and improved living comfort.

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The Company considered the environmental and health safety performance of its products as one of the key testing metrics, assessed the impact of the products on human health and the environment. Multiple products have received

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03

Protecting the Ecological Environment, Building Better Homes

Energy conservation, emission reduction, and environmental protection are not only the social responsibilities of enterprises but also crucial means to promote the development of green markets and mitigate climate change risks. Oriental Yuhong has been actively engaged in comprehensive resource utilization, energy conservation, and emission reduction efforts. By improving energy and resource efficiency and reducing waste emissions, the Company is fully committed to fostering new engines for green development and building a resource-efficient and environmentally friendly enterprise.

Tackling Climate Change



Climate change has varying degrees of impact on human life, production, and social activities. Mitigating and addressing climate change is a shared responsibility of all humanity and an inescapable duty for every enterprise. Oriental Yuhong places great importance on tackling climate change, integrating climate-related issues into its sustainable development governance framework. The Company's Sustainable Development Executive Committee is responsible for identifying, analyzing, and managing climate-related risks and opportunities, and organizing responses, under the supervision and guidance of the Board of Directors and the Strategy and Sustainable Development Committee.

Climate Change Risk Management

The Company strives to identify the impacts of climate change on its production and operational activities. In accordance with standards such as the “International Financial Reporting Standards (IFRS) S2 - Climate-related Disclosures” , the Company conducts the identification, analysis, management, and response to climate-related risks and opportunities, integrates these into its sustainable development planning. The Company actively takes measures to mitigate adverse impacts while proactively responding to global low-carbon development policies and initiatives, engaging in energy-saving and emission-reduction activities, and developing low-carbon products and services to reduce its own carbon emissions and contribute to societal carbon reduction.

The Company identifies as many climate change-related risks and opportunities as possible and / (th7S)/ (tnr)1d

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To reduce carbon emissions in transportation, Oriental Yuhong utilized "half-day delivery" return trips to recycle pallets, promoting pallet reuse and improving vehicle efficiency. The Company adopted green transportation methods, using waterway transport for some raw material transfers between factories. For short-distance, small-tonnage orders, the Company actively promoted the use of new energy vehicles. In loading and unloading operations at factories, diesel forklifts were gradually replaced with electric forklifts to reduce carbon emissions.

Oriental Yuhong actively engaged in building carbon emission expertise, organizing internal training on carbon accounting, corporate carbon management, and carbon reduction. The Company conducted three carbon management training sessions throughout the year, covering approximately 50 participants. The Company also actively participated in the formulation of carbon emission standards for the building waterproofing industry, collaborating with the China Building Waterproofing Association and other industry players to develop the national standard "Greenhouse Gas Emission Accounting and Reporting Requirements - Part 40: Building Waterproofing Material Manufacturers", providing a clearer framework for carbon accounting and reporting in the industry.

Buaining sessions thromembcarbon of The Coa

Green Production and Operations



Oriental Yuhong strictly complies with laws and regulations such as the “Environmental Protection Law” and “Air Pollution Prevention and Control Law” . It has established a robust environmental management system, integrated green concepts into R&D, manufacturing, logistics, and business management. Through technological innovation and management optimization, the Company reduces resource consumption, minimizes pollution emissions, implements clean production, and strives to achieve green and low-carbon production and operations.

Each of the Company's factories has established environmental protection systems and documents, such as the “Environmental Protection Management Measures” , which defines the responsibilities of environmental protection management agencies, the operation and maintenance of equipment and facilities, and other related aspects. Additionally, environmental accident emergency response plans have been developed, outlining the organizational structure and duties, procedures, and emergency drills to ensure preparedness and effective response to potential environmental incidents. In 2024, 43 production plants obtained environmental management system certifications, 9 were recognized as provincial-level green factories, and 7 were designated as national-level green factories.



Sustainable Resource Utilization

The Company adopts efficient resource utilization and recycling methods during production to reduce resource consumption and waste emissions, aiming for sustainable resource use.

When designing new factory buildings, the Company adheres to the principle of maximizing the use of natural light by installing transparent glass windows to fully utilize daylight for illumination needs. Energy-efficient lighting equipment is installed, and zoned lighting controls are implemented in production areas, allowing for adjustable lighting intensity based on specific environmental requirements to conserve energy. Advanced production equipment, both domestic and international, is introduced and regularly maintained to ensure optimal operation, meeting production demands while enhancing energy and resource efficiency. The Company also periodically implements energy-saving technical upgrades, such as retrofitting air compressors and repairing insulation on asphalt pipelines, to minimize energy and resource waste.

The Company employs advanced technological systems such as intelligent warehousing, flexible production, real-time production visualization, remote monitoring, and visual cargo transport to achieve low-carbon operations, conducted regular equipment inspections and maintenance to ensure optimal performance, while identified and replaced outdated machinery promptly, upgraded existing motors with frequency conversion technology to enhance energy efficiency. In factory operations, production water is cooled and reintroduced into the circulatory system for reuse. The construction of intelligent warehouse and high-rise shelving increases storage capacity, optimizing the use of storage space resources. By aligning production and storage plans with sales forecasts and inventory levels, the Company reduces transportation distances and costs, thereby conserving fuel and resources during transit.

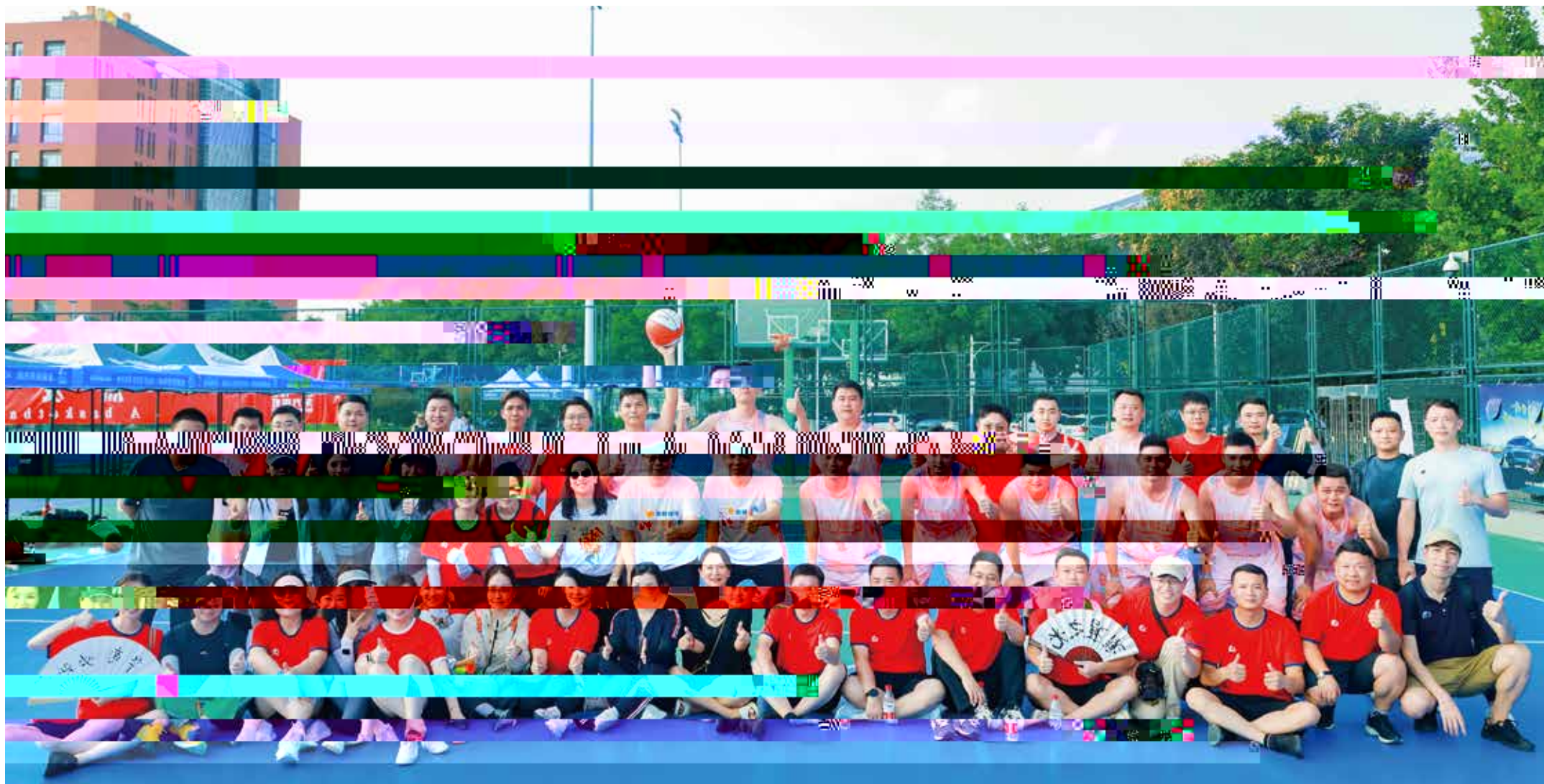
Key Resource Recycling Technologies Developed in 2024:

Developed ultra-high molecular weight polyethylene (UHDPE) modification, crosslinked polyethylene decomposition, and composite co-extrusion technologies, achieving over 30% recycled polyethylene content in polymer waterproofing membranes.

Developed R-recycled rubber-modified asphalt technology, enhanced low-temperature adhesion and phase stability.

Through in-depth research on renewable biomass components and their reconstruction, synthesized high-performance eco-friendly bio-based activators to enable circular use of biomass materials.

Huizhou Oriental Yuhong Building Materials Co., Ltd. invested RMB 390,000 to retrofit boilers by installing low-nitrogen burners, replacing blowers, upgrading BMS control cabinets, and adding FGR butterfly valves and actuators. This reduced nitrogen oxide



04

Protecting Employee Rights Supporting Employee, Development

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Oriental Yuhong regards employees as the primary resource for the Company's development and adheres to the strategic guiding principle of "people-oriented, professionalism-oriented, team-oriented, and execution-oriented". The Company has established a comprehensive talent development system centered around the four aspects of "selection, utilization, cultivation, and retention". By building a people-oriented, open, diverse, and innovative career development platform, Oriental Yuhong aims to inspire employee vitality and create a favorable environment for the sustained growth of both employees and the Company.



Fair and Standard Employment

Oriental Yuhong strictly complies with policies and regulations such as the “Labor Law” , “Labor Contract Law” , and “Trade Union Law” , as well as the laws and regulations of the countries and regions where it operates overseas. It adheres to international conventions approved by the Chinese government, advocates for equal and non-discriminatory employment policies, and prohibits any form of discrimination in employee recruitment, compensation, benefits, and promotions. The Company strictly prohibits and resists any form of child labor, forced labor, debt bondage, and human trafficking. Guided by the development philosophy of "people-oriented", the Company treats employees from different

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Employee training

Employee Health

The Company places great importance on employee health, encouraging all employees to pay attention to their physical and mental well-being and cultivate healthy lifestyle habits. The Company has issued the "Employee Health Management System", which clarifies health management responsibilities, health promotion, daily management, assistance, and care, thereby strengthening employee health management. The Company organizes a series of "Healthy and Energetic Yuhong People" activities, sets employee health management standards, conducts various health promotion campaigns, and releases monthly health education infographics on different topics to popularize health management knowledge. It

Work-Life Balance

The Company organizes a variety of cultural and sports activities, such as art festivals and family open days, to create opportunities and platforms for employees to relax, showcase themselves, and enhance their families' understanding of the Company. These activities help employees work efficiently and live healthily.

In 2024, the Company held the 18th Cultural and Art Festival with the theme "Surpassing Ourselves, Growing Towards the Sun", The three-day event featured various exciting competitions, including a singing contest, speech competition, choir competition, and track and field events. Employees' families were also invited to participate, experiencing the Company's vibrant and positive cultural atmosphere.



Employee Benefits

Oriental Yuhong treats employees as family, caring for each employee with kindness. The Company continuously improves its employee benefits system, covering four major areas: life & assistance benefits, health & safety benefits, holiday & care benefits, and team-building & vacation benefits.

For female employees, the Company cares for their physical and mental health, fully ensuring their "three-period" leave (pregnancy, maternity, and breastfeeding). Female employees are strictly prohibited from engaging in heavy physical labor or working in cold water or low temperatures during menstruation. Considering the special needs of female employees, the Company provides additional prenatal check-up leave during different stages of pregnancy and sets up "nursing rooms" to offer convenience for female employees.

Life & Assistance Benefits

Since 2013, the Company has established the "Yuhong Care Fund", providing annual financial assistance to employees and their children who face difficulties due to medical, educational, or natural disaster-related reasons.





05

Based on Mutual Benefit and Sharing, Promoting Co-Creation and Win-Win Development

The growth of Oriental Yuhong is attributed to the progress and development of society, as well as the support and assistance of its stakeholders. In the process of development, the Company, together with its stakeholders, strives to contribute to the development of the industry and society, achieving co-creation, sharing, and win-win development.



Supply Chain Cooperation

Oriental Yuhong is committed to establishing long-term and stable cooperative relationships with suppliers, continuously

Driven by the philosophy of "co-creation, sharing, and mutual benefit", Oriental Yuhong has implemented the "platform + maker" business management model since 2015, developing business partners and forming a "partner" mechanism that shares visions, jointly plans development, and co-creates value.Leveraging its resources and advantages in product and service quality, brand, and training, the Company provides partners with a rich product portfolio, mature service systems, and standardized construction norms. Partners are authorized to use the Oriental Yuhong trademark and receive support in brand, business information, product technology, and preferential prices. By promoting Oriental Yuhong's products and system services in their regions and standardizing construction, partners can earn dividend income.

The Company regards partners as important members of the enterprise, committed to forming a value community of co-creation and mutual benefit with a wide range of business partners. It continuously provides industry-leading services in product R&D and manufacturing, construction technology, marketing, talent assurance, financing development, and risk prevention, maximizing the goodwill and potential of like-minded individuals.In September 2024, Oriental Yuhong's Civil Building Materials Group launched the fifth "Dawn Plan", building a growth platform for potential and existing partners to share resources, experiences, and mutual assistance, inspiring and motivating partners to achieve rapid personal and professional growth.

Oriental Yuhong Partner Xie Qihe

Oriental Yuhong Partner Sun Lizhi



Vocational Skills Training

As a leading enterprise in China's building waterproofing industry, Oriental Yuhong has always regarded vocational skills training as an important force for promoting the sustainable development of the enterprise and the industry. In 2013, the Company established the Oriental Yuhong Vocational Skills Training School (referred to as "Yuhong Vocational School"), building a vocational skills training platform for society, dedicated to cultivating high-quality technical and skilled talents in the building materials field, broadening career development channels for industrial workers.

Since its establishment, Yuhong Vocational School has continuously integrated resources, possessing advanced teaching facilities and training bases covering 12 provinces and cities across the country. It has established cooperative relationships with multiple universities and research institutions, forming an integrated "industry-academia-research-evaluation" education model, ensuring that teaching content is updated in sync with technological advancements. It has launched 10 vocational skills training systems and over 300 high-quality courses in building waterproofing, decoration, energy-saving insulation, coating, and project management.

Yuhong Vocational School has always adhered to the concept of open education, enrolling students from all sectors of society, including but not limited to construction industry practitioners, fresh graduates, and career changers. By the end of 2024, Oriental Yuhong had trained over 910,000 industrial skilled personnel. Through systematic training, a large number of students have achieved skill enhancement and career advancement, broadening their career development paths.

Supporting Education

Guided by the principle of "Responsibility Builds the Future", the Company has always been committed to supporting education, particularly focusing on the growth and education of young people. Through practical actions such as donating money and materials and renovating school buildings, it improves the educational environment and support the development of education.

In October 2024, Oriental Yuhong held an E-FACTORY open day event themed "Rainbow Heart Protection, Blooming Towards the Sun" at its Yueyang production, R&D, and logistics base. The event invited teachers and students from Yueyang Special Education School to visit the production workshop, experiencing the Company's advanced manufacturing technology and intelligent management up close. Using safe and environmentally friendly Deawei Youxuan wall paint and sand powder materials, participants fully utilized their imagination and creativity to create colorful and artistic works, showcasing their unique artistic talents and hands-on skills. During the event, the Company donated a series of teaching and learning materials, including rehabilitation equipment, sports equipment, craft materials, and school supplies, to enhance the children's learning and living quality, helping them receive education and grow in a more pleasant atmosphere.



In July 2024, Oriental Yuhong's Sand Powder Technology Group launched the "VASA in Action" campus public welfare initiative. Throughout the year, it completed exterior wall renovation projects at Gadong Central Primary School in Xishuangbanna, Yunnan, and Building 7 of Rengtu Middle School in Huizhou, Guangdong, improving students' learning environments. Additionally, in collaboration with school teachers, the Company organized fun chemistry courses combining theory and practice using gypsum as the material, empowering rural education.



In 2024, the China Building Waterproofing Museum, constructed by the Company, was approved as one of the first batch of China Civil Engineering Science Education Bases for the 2023-2027 period.



Conducting Public Welfare Donations

The Company actively advocates and participates in public welfare and charitable causes such as blood donation and elderly care, joining hands with employees to gather positive and kind forces, adding more warmth to the community through public welfare.

In July 2024, a breach occurred in the dyke of Tuannzhou Yuan, Tuannbei Village, Tuannzhou Township, Huarong County, Yueyang, Hunan, causing the Yuan area to be flooded. Oriental Yuhong's Yueyang factory sent warmth and strength to the disaster-stricken people, working together with the affected areas and residents to overcome the crisis.

In September 2024, the Company supported the local government in carrying out village-residence linkage public welfare projects, improving old roads in residential areas, and building new electric vehicle charging sheds and elderly activity rooms. It actively purchased local agricultural products, promoting income growth for local farmers

In October 2024, the Company's Xuzhou factory visited local nursing homes, delivering holiday gifts and blessings to the elderly, and taking photos for them, bringing warmth and joy to the elderly through companionship and care.

In November 2024, the Company's Yueyang factory actively responded to the call of the Yueyang Federation of Industry and Commerce, as one of the "Hundred Enterprises Link with Hundred Villages" enterprises, supporting the construction of a comprehensive camellia oil processing project in Baojing County, Yueyang. It funded the construction of a new camellia oil production factory, purchased production equipment, and promoted the development of the local camellia oil industry, increasing farmers' income.

Key Performance Indicators

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Main Economic Performance	Unit	2023	2024
Total Assets	RMB 100 million	511.74	447.15
Revenue	RMB 100 million	328.23	280.56
Total Profit	RMB 100 million	29.53	5.35
Tax Payment	RMB 100 million	25.38	23.62

Corporate Governance	Unit	2023	2024
Independent Director Ratio	%	33	36
Female Director Ratio	%	33	27
Anti-Corruption Training Sessions	Session	/	43
Anti-Corruption Training Coverage	Person-time	/	1,359
New Employee Anti-Corruption Training Coverage	%	100	100
Employee Integrity Agreement Signing Rate	%	100	100
Supplier Integrity Agreement Signing Rate	%	/	96.26
New Employee Basic Law Training Rate	%	100	100

Technological Innovation	Unit	2023	2024
R&D Investment	RMB 100 million	6.06	5.86
R&D Investment as proportion of Revenue	%	1.85	2.09
Number of R&D Personnel	Person	527	669
R&D Personnel Ratio	%	4.14	6.12
Cumulative Domestic Patents	Item	1,735	1,897
Invention Patents	Item	443	420
Utility Model Patents	Item	1,026	1,187
Design Patents	Item	266	290
Cumulative Foreign Patents	Item	17	19

Environmental Protection	Unit	2023	2024
Environmental Investment	RMB 100 million	0.81	0.51
Tackle Climate Change	Unit	2023	2024
Greenhouse Gas Emissions ¹	10,000 ton CO ₂ -eq	68.72	72.23
Scope 1 ²	10,000 ton CO ₂ -eq	35.99	39.56
Scope 2	10,000 ton CO ₂ -eq	32.73	32.67
Greenhouse Gas Emission Intensity	Ton/10,000 CNY Revenue	0.21	0.26
Green Electricity Usage	100 million kWh	0.42	0.72
Green Electricity Usage Ratio	%	7.73	11.61
Sustainable Resource Utilization	Unit	2023	2023
Total Energy Consumption	10,000 tce	23.13	28.59
Direct Energy	10,000 tce	8.01	7.47
Indirect Energy	10,000 tce	15.12	21.12
Energy Consumption Intensity	Ton/10,000 CNY Revenue	0.07	0.10
Water Resource Usage	10,000 ton	215.26	187.79
Water Resource Usage Intensity	Ton/10,000 CNY Revenue	0.66	0.67
Emission Management	Unit	2023	2023
Particulate Matter (PM)	Ton	52.24	40.61
Asphalt Smoke	Ton	10.42	24.24
Volatile Organic Compounds (VOCs)	Ton	62.45	40.15
Sulfides	Ton	/	17.59
Nitrogen Oxides	Ton	/	101.06
Total Wastewater Discharge	10,000 tons	38.71	25.44
Chemical Oxygen Demand (COD)	Ton	/	42.76

¹Greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆).
²The calculation for Scope 1 & 2 is primarily based on the accounting methods and parameters specified in the “Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial and Other Enterprises (Trial)” issued by the National Development and Reform Commission. For the 2024 carbon emission accounting, the electricity emission factor used is the national average carbon dioxide emission factor for electricity, as published by the Ministry of Ecology and Environment and the National Bureau of Statistics in December 2024.

Environmental Protection		2023	2024
Biochemical Oxygen Demand (BOD)	Ton	/	22.32
Ammonia Nitrogen	Ton	/	1.57
Suspended Solids	Ton	/	8.25
Total Waste Generation	10,000 tons	5.15	7.21
General Solid Waste	10,000 tons	4.96	6.97
Hazardous Waste	10,000 tons	0.19	0.24
Comprehensive Utilization	10,000 tons	/	2.40
General Solid Waste Density	Tons/10,000 CNY Revenue	0.02	0.02
Hazardous Waste Density	Tons/10,000 CNY Revenue	0.0006	0.0009

Employee Structure	Unit	2023	2024
Total Employees	Person	12,736	10,937
By Gender			
Male	Person	9,837	8,370
Female	Person	2,899	2,567
By Age			
29 years and below	Person	3,418	2,585
30-39 years	Person	7,357	6,355
40-49 years	Person	1,603	1,648
50 years and above	Person	358	349
By Professional Composition			
Production Staff	Person	3,306	2,733
Sales Staff	Person	4,713	4,274
Technical Staff	Person	2,505	2,147
Financial Staff	Person	306	263
Administrative Staff	Person	1,906	1,520

By Education Level			
Postgraduate and above	Person	669	687
Undergraduate	Person	5,840	5,431
College and below	Person	6,227	4,819
Equal Employment Norms	Unit	2023	2024
Minority Employees	Person	619	576
Female Managers	Person	235	170
Annual Paid Leave Days	Day	6.57	6.83
Employee Labor Contract Signing Rate	%	100	100
Social Insurance Coverage	%	100	100
Female Employee Return Rate After Maternity Leave	%	100	100
Employee Training	Unit	2023	2024
Employee Training Coverage	%	96	98
Average Training Hours	Hour	60	49
Workplace Safety	Unit	2023	2024
Safety Investment	RMB 10 thousand	4,577	3,873
Major Safety Incidents	Incident	0	0
Employee Fatalities	Person	0	0
Workdays Lost Due to Injuries	Day	2,063	840
Occupational Disease Cases	Cases	0	0
Safety Training Sessions	Person-time	44,388	46,709

Public Welfare Donations	Unit	2023	2024
Total Donations	RMB 10 thousand	557	889
Number of Volunteers	Person	/	152
Volunteer Hours	Hour	/	179

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