东方雨虹
ORIENTAL YUHONG

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2022年度可持续发展报告

Beijing Oriental Yuhong Waterproof Technology Co., Ltd.
Sustainability Report 2022



About this Report

Reporting Period: This report is published annually.

Scope of the Report: Take Beijing Oriental Yuhong Waterproof Technology Co., Ltd. as the subject, including its subsidiary companies and branches, business divisions, production, R&D, and logistics bases, and other branch institutions.

Scope of the Report: From 1 January to 31 December 2022. In consideration of continuity and comparison of disclosure, a part of the information is extended back or forth on the basis of time.

Abbreviations used: The word “Oriental Yuhong” or “the Company”, “the Group” herein refers to Beijing Oriental Yuhong Waterproof Technology Co., Ltd.

Report Compilation Principles: Objectivity, standardization, sincerity, and transparency.

Sources of Data: Beijing Oriental Yuhong Waterproof Technology Co., Ltd. and its wholly-owned subsidies or holding companies.

Report Improvement:

The Report of this year focused on demonstrating the Company’s practices of sustainable development and its contributions to build a better living environment.

Compilation Basis: It was compiled with reference to the UN SDG Compass and the China CSR Report Formulation Guide of the Chinese Academy of Social Sciences (CASS) (CASS-CSR4.0).

Language: The report is presented in Chinese and English.

Access to the report: The report is published only in an electronic version.

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About Oriental Yuhong

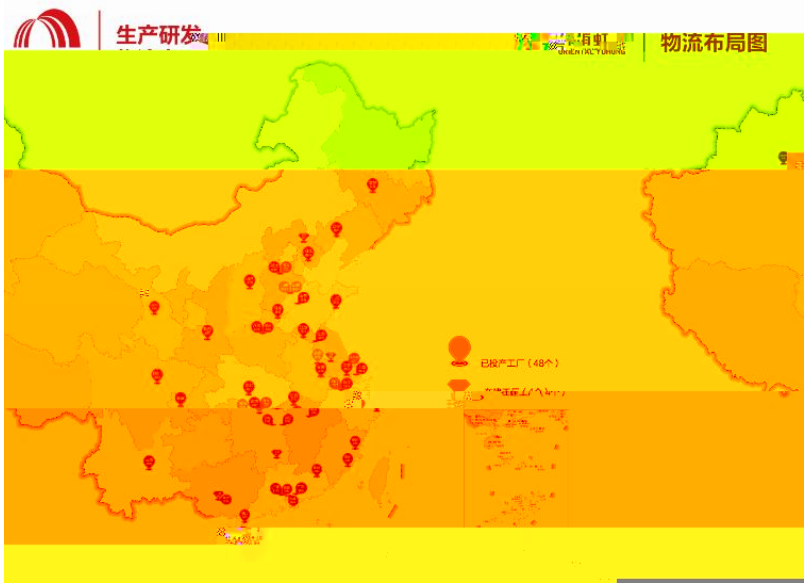
Oriental Yuhong, incorporated in 1995, has grown into an outstanding service provider in the building material system over the past two decades, by providing high-quality system solutions for tens of thousands of important infrastructure construction projects, industrial buildings, civil buildings, and commercial buildings.

The Company was listed in 2008 and its key products have successively obtained multiple domestic and international certificates, such as the EU CE mark, the German Blue Angel label, the USDA Certified Biobased label, and the EMICODE EC1. Besides, it was granted honours like the 17th “National Quality Award”, the 2017 “National Quality Benchmark”, and the title of “Demonstration Enterprise in Technological Innovation of China”. The Company was included in the China 500.

Numbers **Look at Oriental Yuhong**		
	Operating revenue	**RMB31,213,835,246.24**
	Operating cost	**RMB23,171,493,352.71**
	Taxes and levies paid	**RMB2,770,693,112.26**
	Net profit	**RMB2,117,843,197.99**
	Total current assets	**RMB32,346,290,148.18**
	R&D spending	**RMB556,315,937.11**
- Awarded A (Excellent) grade in the information disclosure assessment by the Shenzhen Stock Exchange (SZSE) -		

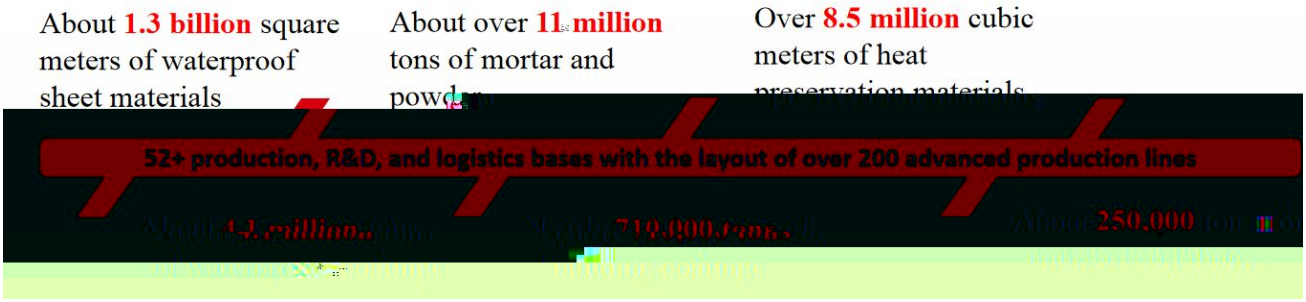
Quality and Robust Development

Oriental Yuhong has pursued quality and robust progress, focused on waterproof business, and extended its presence to the upstream and downstream and relevant industrial chains. It has developed a building material service system consisting of diversified business segments, such as building waterproofing, civil construction materials, non-woven fabrics, architectural coating, building renovation, energy saving and heat preservation, mortar and powder, and specialized film. Oriental Yuhong holds more than 100 subsidiaries including Shanghai Oriental Yuhong Waterproof Technology Co., Ltd., HK Oriental Yuhong Investment Co., Ltd., and Oriental Yuhong North American Co., Ltd., etc. It has built over 52 manufacturing, R&D, and logistic bases respectively in Jinshan District in



Huizhou City in Guangdong Province, Xuzhou City in Jiangsu Province, Dezhou City in Shandong Province, Kunming City in Yunnan Province, Tangshan City in Hebei Province, Xianyang City in Shaanxi Province, Wuhu City in Anhui Province, Huzhou City in Zhejiang Province, and Qingdao City in Shandong Province.

The Company has introduced advanced equipment from R&D Systems in the United States, Boato International in Italy, and KraussMaffei in Germany, and adopted technologies of EIRICH and Siemens, and the concept design of Bayer, realizing whole-procedure automatic production and establishing the benchmark of high capacity, high precision, and high stability. In addition, its services cover a radius of 300Km. Hence, it can reach customers within 24 hours.



Driving Sustainable Development by R&D Innovation

Oriental Yuhong is a demonstration enterprise in technological innovation in China and a national high-tech enterprise. It has been authorized to build a state key laboratory of special-purpose waterproofing materials and has established many R&D platforms, such as a national-certified corporate technical centre and a post-doctoral scientific research station. The Company has built four R&D centres for product R&D, application technology, production technique and equipment, and engineering construction technology. Additionally, it has established the Oriental Yuhong Global Excellence Research Centre for Waterproof Coatings in the U.S.

Becoming the Most Valuable Enterprise in the Global Construction and Building Materials Industry

As a service provider of construction materials and systems, Oriental Yuhong has successfully applied various excellent products and services to buildings, highways, metros, urban railways, high-speed railways, urban roads and bridges, airports, water conservancy facilities, and underground pipelines. It has also established long-term, friendly, and stable strategic cooperation relationships with more than 400 large real estate developers such as Vanke, Greenland, and Poly, and sold its products to families through nearly 2,000 dealers.



With the implementation of Oriental Yuhong's international strategy, the products of the Company are exported to more than 100 countries and regions such as Germany, Brazil, Australia, the United States, Canada, Russia, Japan, Singapore, South Korea, Central Africa and South Africa.

Oriental Yuhong is always making efforts to realize the dream of a "globalized Oriental Yuhong", contributing to building a harmonious habitat for people, and fulfilling the corporate vision of "building a durable and safe environment for human beings and the society".

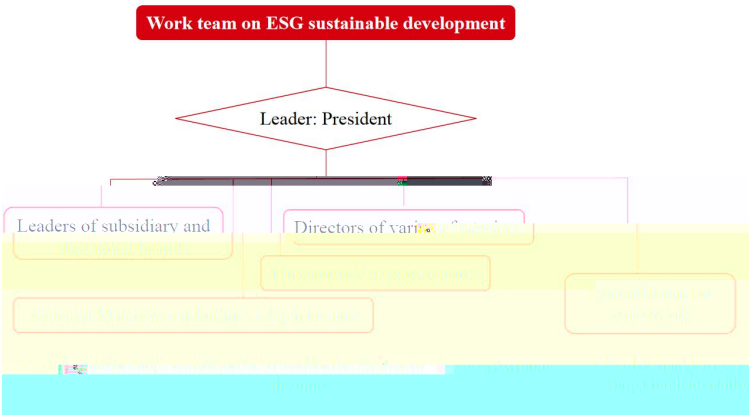
Sustainable Development Strategy

Oriental Yuhong has conformed to all market rules, respected market laws and its peers, co-existed and sought common progress with them honestly and respectfully. The Company pursues sustainable operations. There is never a termination but only new beginnings. Oriental Yuhong has kept improving its modern enterprise legal person governance structure. It has properly handled the relationships among investors, decision-makers, managers, and various stakeholders while ensuring the return to investors.

To fulfil sustainable development is the inner factor of Oriental Yuhong's business operation. Through a whole system and multi-dimensional responsibility management concept, and starting from R&D, production, sales, construction, and other aspects, Oriental Yuhong strives to constantly provide much better products and services through more environmentally friendly, more energy-efficient, safer and more effective means, and implants the concept of sustainability into its daily production and operation.

(I) Management Mechanism

Oriental Yuhong believes a sustainable development shall be promoted tirelessly by all employees and effectively implemented to the actual practices of all business areas. In terms of the top-level design, the Company has established a work team on sustainable development, whose chief is Oriental Yuhong's President and members are leaders of its subsidiary and divisional brands, General Managers of business departments, and directors of different centres and factories. Meanwhile, it has also set up special working teams for core targets, ensuring the successful implementation of sustainable development strategy with members' cooperation in a target-oriented manner.



(II) Communication and Participation of Stakeholders

Oriental Yuhong conforms to all business rules and ethics, pursuing unique features and excellence on the basis of compliant operation and adhering to the business principles of honesty, trustworthiness, frankness, and openness to proactively communicate with stakeholders and promote mutual development.

Stakeholders	Requirements and Expectations	Communication Methods	Response
Government	Complying with laws and regulations	Release of policies and instructions	Strictly complying with laws and regulations Responding to national policies
	Creating job opportunities	Expansion of reproduction	Providing adequate jobs
Shareholders	Corporate governance The continuous growth of operating result	The periodic reports and interim announcement General Meeting of Shareholders Easy IR Hotline and email for investors Result briefings Roadshows and strategy conferences Field research	Performing robust operations Perfecting corporate operation and governance Perfecting information disclosure
Employees	Compensation and benefits	Employee survey	Multi-dimensional and detailed questionnaires
	Training and growth	Exchange and training	Training of professional skills Training of general knowledge
	Career development	Face-to-face communication	Protection of employee rights and interests
Customers	Quality products and services	Services before, during, and after sales DMS system	Project quality assessment User interviews

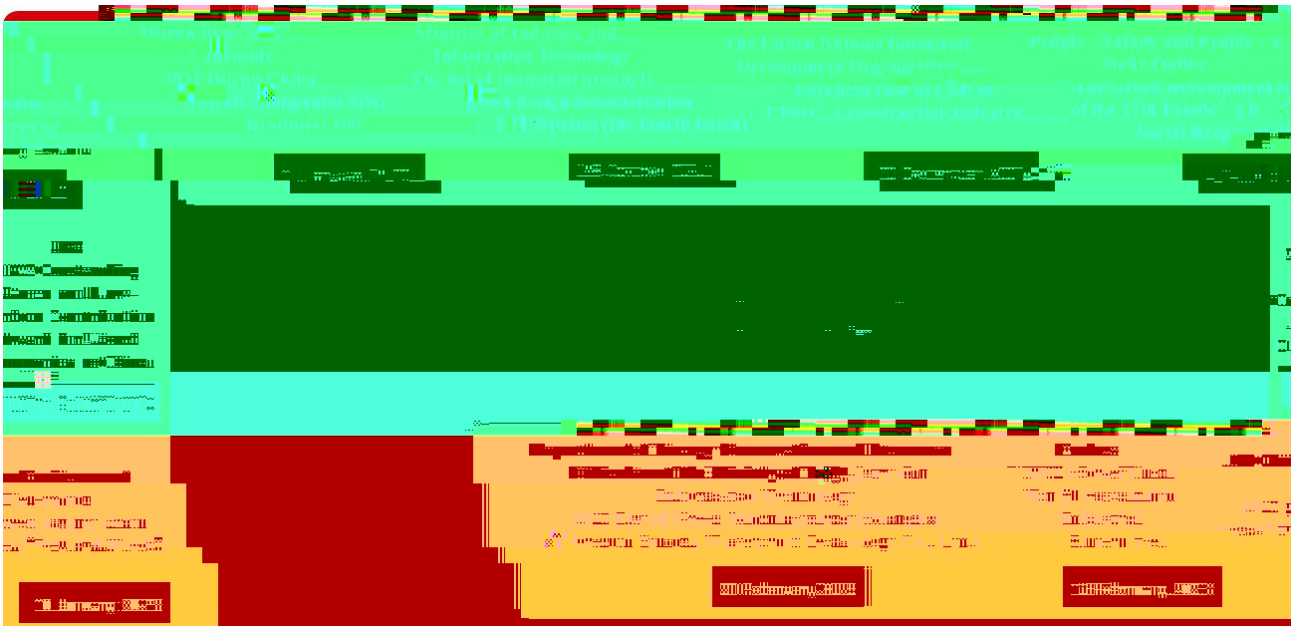
Craftsman	Remuneration	Service survey	Weekly-pay system
Suppliers	Open, fair, and just procurement	Supplier meetings SRM system	Perfect tendering management
	Qualification review	Seminars	Compliant and well-organized operations
	Honest management	Routine business exchange	Internal audit anna p

system and the real-name system for workers of Oriental Yuhong, raised the competitiveness of labour resources, and calculated the labour quota of the project in a timely manner. While perfecting the labour wage system, Oriental Yuhong has also provided affordable insurance services to better guarantee the rights and interests of front-line construction workers.

Partners: On 29 March 2022, the "Assessment Release of the Best 500 Real Estate Developers" were jointly held by the China Real Estate Association and the China Real Estate Evaluation Centre of E-house China R&D Institute in Shanghai. Oriental Yuhong, Wonewsun Energy Saving (heat preservation materials), DAW (coatings), Oriental Yuhong Building Renovation, Vasa (mortar), LODI 1813, and other brands were rewarded as the "2022 Preferred Brands for Best 500 China's Real Estate Developers". In which, Oriental Yuhong has consecutively ranked amongst the top ten waterproofing material enterprises in the "Preferred Supplier and Service Provider Brands for Best 500 China's Real Estate Developers", and was awarded for the 11th time in 2022. In the sub-list of TOP100 real estate enterprises' grounding rate of strategic cooperation, the Company ranked first with a preference rate of 65%, and continued to be the top one service provider in the building renovation system with a preference rate of 25% regarding building renovation. In the selection of high-end water-based paint brands, DAW topped the list with a brand preference rate of 17%.

Communities, social groups, and organizations: Oriental Yuhong has always kept the society in its mind. It has actively joined social groups and associations, mainly including China Association for Quality, China National Building Waterproof Association, China Building Materials Federation (CBMF), Beijing Sci-tech Consultation Association, Beijing Enterprise Technology Centre Innovation Service League (BETC), Beijing Headquarters Enterprise Association, Beijing Technology and Finance Promotion Association, Beijing International Cooperation Bases League, Beijing Industrial (National Defence) Labour Union, China Machinery, Metallurgy and Building Materials Workers Technical Association, and Beijing Federation of Industrial Economics.

(III) Sustainable Development Honours and Awards



(IV) Sustainable Development - Identification of Substantive Topics

By engaging in effective and ongoing communication and exchange with various stakeholders, Oriental Yuhong extracts topics that align with the and contribute towards achieving the United Nations Sustainable Development Goals (SDGs). This helps to establish the substantive topic matrix for Oriental Yuhong.



Corporate Management	Customer Service	Environment & Resources	Social
1. Standardized corporate governance 2. Compliance information disclosure 3. Risk management 4. Supply chain management 5. Research & innovation	6. Quality management system 7. System service support 8. Professional technical support 9. Tracking service for post-purchase support	10. The management system of safety production 11. Energy consumption 12. Various emissions 13. Green product R&D 14. Reducing building carbon emissions	15. Employee relationship management 16. Occupational health & safety 17. Industry craftsman cultivation 18. Assistance for vulnerable groups 19. Social public welfare practice 20. Industry operation under the sun

This leads to the formation of a sustainable development model under an “umbrella”, which guarantees the consistent execution of the Company’s sustainable development strategy.

(V) Key Performance Indicators of Sustainable Development

Business Category	Environmental Category	Social Category
Sales presence spans across 136 nations and territories Obtained credit from 39 banks Total credit amount of RMB19,459.025 millize		

I. Dwelling Chapter: Contributing to a Beautiful Living Environment with Yuhongôs Power

A beautiful living environment is integral to a happy life. As living standards continue to rise, the demand for housing has evolved from the basic need for shelter to the pursuit of improved and healthy living. The construction materials industry plays a crucial role in creating a safe, reliable, green, and low-carbon living space using high-quality, environmentally friendly, and finely crafted materials. By doing so, it can help realize the vision of a beautiful living environment.



(I) Making Living Safer

At Oriental Yuhong, safety and environmental protection are given top priority in product development. The company has obtained authoritative certifications from China and abroad for most of its products, including the China Environmental Label, Germany's Blue Angel and E.L.F., the U.S. USDA Bio-based, Germany's TüV Rheinland, FREI VON, EC1, and France's Indoor Environmental Monitoring A+. The company is constantly innovating and introducing new products in the building materials and auxiliary materials industries that are closely related to people's living. By utilizing a range of environmentally friendly products, it provides consumers with a fundamental guarantee of a healthy and eco-friendly home environment.

Home Waterproofing	Home Decoration Grouting	Wall Antibacterial	Paints
The Soluton 150 fluorocarbon film self-adhesive modified bituminous waterproof sheet material is designed to be used without a protective layer and is able to withstand exposure to the elements. Its white surface film is resistant to ultraviolet radiation and effectively reduces the roof temperature by 20°C during the summer. Yuhong 300 self-healing waterproof coating utilizes self-repairing technology to effectively address leakage	Oriental Yuhong's full line of grout products do not contain nonylphenol or hexamethylene diamine. In 2022, the Company launched its Yucai Silver Ion Antibacterial Grout, utilizing silver ions to inhibit the activity of various enzymes within microbes. This effectively makes tile gaps antibacterial, achieving a 99% antibacterial rate. The grout prevents the growth of black mould, yellow	In early 2022, Oriental Yuhong formed a strategic partnership with the China Anti-bacterial Association (CIAA) and established a joint laboratory for antibacterial and mould-proof technologies in building decoration materials. They pioneered a comprehensive antibacterial and moisture-proof wall coating solution, employing a dual-core antibacterial and	DAW's Light Breath Bio-based Wall Paint has received U.S. USDA Bio-based Product certification (with a bio-based content of up to 30%). It has passed Germany's E.L.F. test and meets high domestic environmental protection standards, such as safe occupancy within 24 hours. The paint effectively decomposes free formaldehyde in indoor air. The Childhood Little Elephant Anti-Virus Children's Paint provides up to 99% antibacterial inactivation of Type A influenza viruses (H3N2 and H1N1) hidden



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By utilizing human factors engineering, a system for creating healthy building [illegible] community environments was established, providing critical support for the innovative development of China's healthy living environment.

Key technologies for protecting healthy building and community environments have been developed, which deliver multiple benefits and increase efficiency, successfully breaking through the technological bottleneck in creating a healthy living environment.

A range of high-performance, cost-effective key products and equipment have been developed to enhance the performance of healthy buildings and communities, promoting the growth of the healthy living environment industry.

Participation in the development of an integrated technology and standard system for healthy buildings and communities, tailored to China's national conditions, has been instrumental in promoting large-scale engineering applications.

Oriental Yuhong's high-quality products and services have also received widespread recognition in the industry:

In July 2022, at the 2022 Coating Industry & Waterproofing Industry Summit Forum and Brand Gala, Oriental Yuhong Civil Construction Materials Group won the "Home Decoration Waterproofing Influential Brand" for the fourth consecutive year.

In September 2022, at the Chinese Architectural Society Academic (Shanghai) Forum and Shanghai International Architectural Culture Week event, Fuda Company's FD dry underfloor heating product was awarded the "New Low-Carbon Technology Product Award."

In November 2022, the Beijing Evening News published the "2022 Home Furnishing Brand Year-end Review" list, with Oriental Yuhong winning the "Top Ten Home Furnishing Brands of 2022."

In January 2023, the DAW Caparol 188+ Home Trend Colour Card received the "2023 German Design Award - Outstanding Visual Communication Design - Special Commendation Award."

(II) Making Buildings More Energy-efficient

Against the backdrop of the carbon neutrality strategy, the industry has taken a keen interest in energy-saving and emission reduction in buildings. The

released by the China Association of Building Energy Efficiency reveals that carbon emissions from the entire building process in China account for approximately 50% of the country's total carbon emissions. Then Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Ecology and Environmen AW

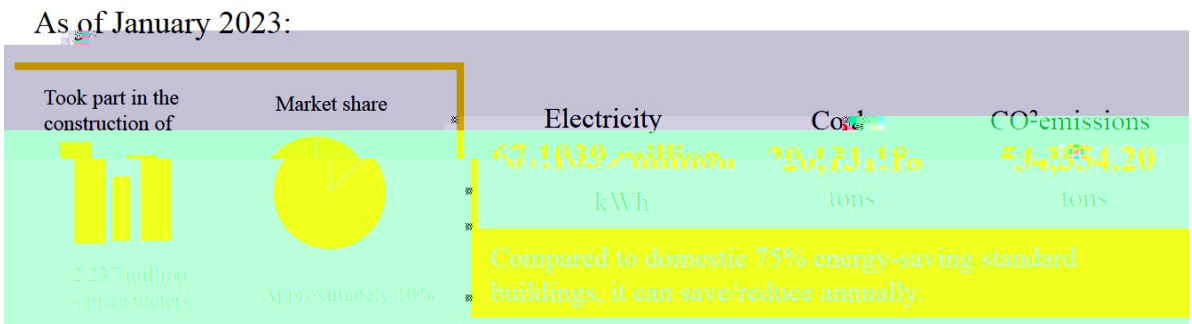
progress in adjusting the industry structure and continuously promoting energy-saving and low-carbon technologies during the “14th Five-Year Plan” period.

Technical achievements: In December 2022, the ñKey Technology Development and Industrialization of Self-adhesive Polymer Bitumen Vapour Barrier Material for Building Envelopeò was assessed by experts organized by CBMF and found to be at an internationally advanced level.



This project developed vapour barrier products for building envelopes by researching key technologies involved in the development and industrialization of self-adhesive polymer bitumen vapour barrier materials for building envelope structures, including structural and compositional design, industrial production processes, and engineering applications. It has achieved large-scale production by investigating key process conditions and equipment for industrialization and has formed a construction method, product standards, and construction technical specifications for self-adhesive polymer bitumen vapour barrier material systems through product engineering application key technology research. This has led to product scale promotion, engineering application, industrialization, market demand satisfaction, and the promotion of energy-saving building and low-energy-consumption building technology development in China.

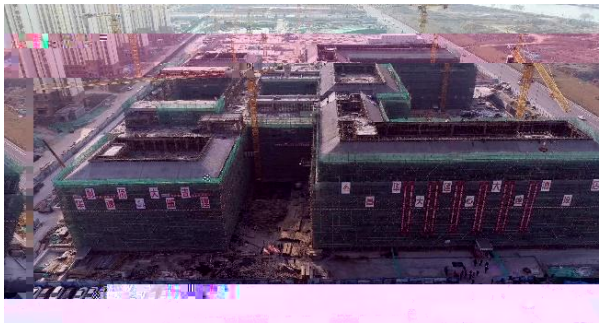
Near-zero energy buildings: Oriental Yuhong’s Wonewsun Building Energy Efficiency has established strong cooperation with top institutions such as the German Energy Agency, the Passive House Institute of Germany, and the China Building Research Institute, creating the country’s first “HEEC Near-Zero Energy Building Smart Platform.” The platform can produce passive building-specific waterproof rolls, vapour barrier rolls, graphite-modified moulded polystyrene boards, rock wool boards/bars, environmentally friendly XPS boards, adhesives and plastering mortar, alkali-resistant coated medium-alkali fiberglass mesh cloth, thermal bridge anchoring hardware, waterproof vapour barrier film, waterproof breathable film, decorative mortar, waterproof mortar, MS adhesive, thermal bridge downspout, integrated insulation and decoration, integrated insulation structure, aerogel composite materials, and other near-zero energy consumption waterproof insulation vapour barrier products.



In 2022, the Wonewsun Near-Zero Energy Building Design Institute further consolidated its leading position in the industry by providing integrated guidance for the management of ultra-low/near-zero energy consumption projects from multiple perspectives, including zero-energy buildings, productive buildings, low-carbon communities, zero-carbon communities, carbon sinks, carbon footprints, carbon labels, carbon assets, and carbon standards.

Case: Shandong Huajian Hotel

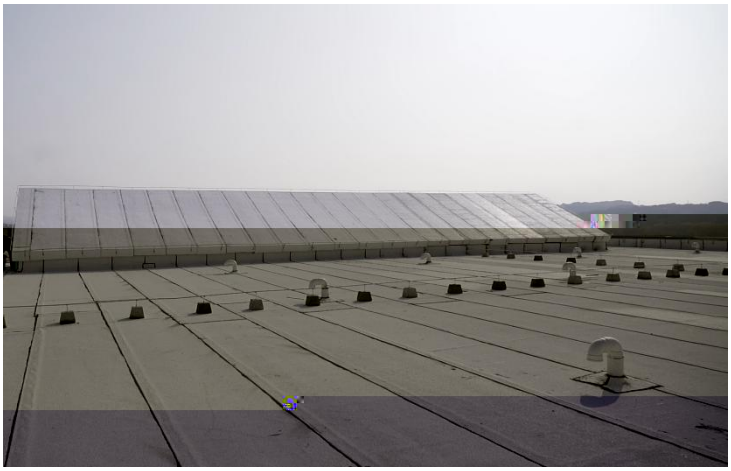
The Shandong Huajian Hotel, located in Linqu County, Weifang City, has a passive area of 46,500 square meters and a shape coefficient of 0.11, making it the largest passive hotel in China. The building adopts a passive enclosure system, passive doors and windows, and high-performance fresh air heat recovery systems to significantly reduce the overall energy consumption of the building. The designed roof thermal transmittance is ≤0.1W/(m^2·K), the wall thermal transmittance is ≤0.16W/(m^2·K), and the door and window thermal transmittance is ≤1.0W/(m^2·K), meeting the standard of ultra-low energy consumption buildings.



Case: Collaborating with Fosun to create a passive residential model in Nantong

Shoukai Zijun is the first passive ultra-low energy consumption building developed by Beijing Capital Development Holding Group in Nantong. The project requires high precision construction as

During the summer high-temperature period (based on 100 days), indoor cooling energy consumption can be reduced by 15%-20%. For every 1,000 square meters, this saves 6,000-8,000 kWh of electricity. According to calculations, saving 1 kWh of electricity reduces CO_2 emissions by 0.997kg, resulting in a total reduction of 5,982-7,976kg of CO_2 emissions.





Hong Sheng PV Roofing System: Oriental Yuhong began exploring the integration of TPO roofing with distributed photovoltaics in 2010 and launched the Hongsheng Roof System. The company now has multiple successful projects

II. Engineering Projects: System Services Strengthen Engineering Safety

Engineering is a manifestation of human civilization and a carrier for the inheritance of civilization. Engineering construction has improved the human living environment and raised the material living standards of humanity. China is currently in a period of rapid urbanization, with various engineering constructions changing rapidly, and building materials enterprises are playing an important role in this process. As a building materials system service provider, Oriental Yuhong is dedicated to applying waterproofing, insulation, energy-saving, anti-corrosion, coatings, and repair systems to various engineering buildings, providing solid protection for the safe operation of buildings.

(I) Transportation Infrastructure

Efficient transportation is essential for a flourishing economy, as it serves as a crucial support and guarantee for economic development. Transportation safety is intricately linked to our daily lives Oriental Yuhong closely integrates the market demands of the transportation industry, accelerates product research and development, and upgrades, adhering to the principle of quality first, and excellence in technology, products, and construction. It provides professional services and system guarantees for various transportation infrastructure facilities, such as highways, railways, roads and bridges, tunnels, and more, making every effort to protect the safety of transportation infrastructure.

In 2022, Oriental Yuhong conducted technical exchanges with Anhui Transport Consulting & Design Institute and Hunan Provincial Communications Planning Survey & Design Institute to discuss new modes of green and intelligent highway development. They also collaborated with powerful partners like the Maintenance Branch of Zhejiang Expressway Group Co., Ltd., and China Communications Materials Co., Ltd., to promote the healthy development of transportation construction and contribute to the development of national highway transportation.

Case: HDPE Assists in the Construction of Pan-Da Expressway Baoding Tunnel Project

In November 2022, the HDPE polymer self-adhesive waterproof membrane participated in the construction

waterproof construction. Oriental Yuhong's HDPE polymer self-adhesive waterproof membrane effectively solves the project's waterproofing challenges with its excellent properties such as pre-paving anti-seepage, flameless construction, lightweight, and easy installation, contributing to the high-quality construction of the project.

(II) Industrial Workshops

The industrial sector plays a "ballast" role in the macro economy, with China's manufacturing industry maintaining the top position in the world for 13 consecutive years. Among these, various types of workshops are the foundation of high-quality industrial development. Oriental Yuhong actively integrates into the wave of real economy development, providing systematic solutions for the construction of industrial workshops and facilities of different regions, industries, and types with professional, customized products and services.

Products such as TPO single-layer roofing, HDPE pre-paving anti-adhesion, Space Fort, Hong Sheng PV Roofing, Fuda Fort/Extruded board/Fuda Cool board, glass wool rock wool, and floor systems have been widely used in roofs, floors, walls, pipes, and other fields, fully safeguarding the development of the industrial real economy.







Case: TPO Roofing System

As part of China North Industries Group's strategic plan for the "14th Five-Year Plan" period, the Harbin Dongan Auto Engine Co., Ltd.'s new energy hybrid system new base Phase I construction project was established as one of the billion-level industrial bases. In line with the project's characteristics and application scenarios, Oriental Yuhong utilized the TPO waterproofing membrane mechanical fixing method for standardized construction of the roofing system. TPO offers a lengthy lifespan, weldable seams, and energy-saving and environmentally friendly properties. Its

Case: Fuda Fort

The Huawei Songshan Lake Tuonanwa No.6 plot project has a total construction area of 569,100 square meters and is an important part of Huawei's Tuonanwa base development strategy. The project will become a world-class intelligent manufacturing benchmark factory for terminal wireless manufacturing (manufacturing department) after completion. Fuda Company's Fuda Fort product is used in the roof insulation construction of the project, with its excellent insulation and heat preservation performance, moisture-proof and anti-seepage, high compressive resistance,

kable ability to adapt to low temperatures ensures that the contemporary production line within the workshop remains free of leakage.

dimensional stability, and green safety advantages, contributing to the high-quality construction of the project.

Case: InfinShine Glass Wool

In the construction of the Zhuhai Gree High-end Intelligent Appliances (Gaolan) Industrial Park, the “InfinShine” glass wool smoke exhaust duct system was utilized to maintain a high level of safety in the workshop. “InfinShine” fire-resistant smoke exhaust ventilation glass wool board is made of evenly distributed lon ss fibres and environmentally friendly bond agents through special processing, wrapped arou the metal duct of the fire-resistant s e exhaus stem. It can isolate the heat of fire smoke sferring through the duct wall, discharging smoke and heat during a fire, ensuring personnel evacuation and firefigh

Case: DAW Solvent-Free Epoxy Self-Levelling System

Oriental Yuhong serves municipal construction by deeply taping technical potential and constantly expanding product application scope.

The utility tunnel is featured by complex construction technology and structure. The construction of utility tunnel entails addressing the waterproof problems that may be identified in deformation joint, construction joint, through-wall pipe, reserved interface, etc. Besides, it is clearly stipulated in the

that, the useful life of the structure of utility tunnel engineering should be designed as 100 years. With a special high-density polyethylene sheet as the substrate, the HDPE polymer self-adhesive film waterproof sheet material produced by Oriental Yuhong is compounded with viscous hot melt pressure sensitive adhesive, and the adhesive layer thereof is coated with PET film for isolated protection. The HDPE polymer self-adhesive film waterproof sheet material can form a waterproof layer on the side wall and top plate of the utility tunnel, which can eliminate the hidden danger of water channelling between layers, thus effectively improving the reliability of the waterproofing system. Relying on its quality products and services, Oriental Yuhong has contributed greatly to the construction a number of utility tunnels respectively located in Beijing Municipal Administrative Centre, Shaxi Line in Chengdu City, Kunming Road in Xi'an City, Liupanshui City in Guizhou Province, and Yuxi City in Yunnan Province.

HDPE Contributes to the Construction of the Utility Tunnel in Shaxi Line, Chengdu

Chengdu Shaxi Line Transformation Project is the first spatially integrated landscape street in the theme of "Sichuan embroidery" in China. In the subproject of underground utility tunnel involved in the project, the HDPE polymer self-adhesive film prelaying waterproofing system of Oriental Yuhong is finally selected for waterproof purpose by virtue of its advantages in such aspects as product performance, system service and service life. By now, the aforesaid waterproof system has provided more than 100,000 square meters of HDPE prelaying anti-adhesive polymer self-adhesive film waterproof sheet materials for the project, well safeguarding the safe construction and operation of the underground utility tunnel.

In the field of tunnel construction, Oriental Yuhong has formed a number of systems such as the open-cut floor prelaying anti-adhesive waterproofing system, the anti-sagging system for side wall, the rubber sealing system for the undercut shield section, and the thin coated polyurethane system for the elevated section. Adhering to the philosophy of high-quality development featuring the combination of "specialization, refinement, characterization and novelty", Zhong Ke Jian Tong, one of the subsidiaries of Oriental Yuhong, actively deploys a variety of projects across the industrial chain such as operation and maintenance projects, tunnel and underground projects, slope and foundation pit projects, and vibration and noise reduction products, and possesses more than 10 patents and software copyrights such as the soil restoration structure against water inrush in deformation joint, the grouting-based water stop structure against water inrush in tunnel lining, the non-destructive detection device targeting concealed water leakage path in tunnel cushion, and the AR intelligent patrol software targeting rail transit infrastructure. Being recognized across the industry, the Company has successively reached cooperation with China Railway Group Limited, China Railway Construction Corporation Limited, China Communications Construction Company Limited and China State Construction Engineering Group Co., Ltd. on metro construction in multiple Chinese cities such as Beijing, Shenzhen, Qingdao, Changchun, Shenyang am Ţ



(IV) Commercial/Civil Building

We walk through all kinds of buildings every day. Every part of a building, such as visible facade or architectural colour or invisible waterproof insulation layer, or overground roof or underground garage, cannot be separated from the craftsmanship of building or building material practitioner. Oriental Yuhong attaches great importance to craftsmanship, and has launched competitive products and services in a number of fields.

Oriental Yuhong has developed and launched a composite waterproofing system for planting roof with independent intellectual property rights, namely the Yuhong Taohuayuan water drainage and storage system, which can effectively address several pain points of planting roof such as poor drainage, water channelling and leakage, and is suitable for drainage and leakage collection works with difficulty in slope finding such as large-area planting roofs of all kinds of buildings. On the basis of ensuring the root puncture resistance of the waterproof layer of the planting roof, the aforesaid waterproof system can realise organized and directional drainage with zero slope, making it possible to effectively protect the building in an all-around manner; additionally, it can also add the water storage module as demanded to collect, absorb and utilize rainwater resources, thus helping the city absorb and discharge rainwater just as an ecological “sponge”. The products of Oriental Yuhong have been successfully applied in many communities in Beijing, Hebei, Shandong, Hainan, Gansu, etc.

Example: Join Hands with China Overseas Grand Oceans Group Ltd. (ñCOGOò) in Building an ñUrban Peach Gardenò



In the “Lanzhou COGO Huan Yu Tian Xia Yun Zhi Jing” project, COGO strives to, while addressing the pain points of the planting roof of traditional underground buildings such as poor drainage, water channelling and leakage, achieve faster “purification” and smoother “storage and storage” of rainwater in communities, and thus improve the living environment and create liveable and ecological green garden landscape. Oriental Yuhong selects the Yuhong Taohuayuan water drainage and storage system to provide zoning-based power-free drainage for the project, which can reduce the hidden danger of leakage while achieving carbon emission reduction, cost lowering and efficiency improvement.

The architectural colour of a city represents the posture of its dialoguing with the world. Different colours manifest different humanistic temperaments. Inheriting the research concept and achievements of DAW Group in Germany with respect to architectural colour material, DAW is dedicated to customizing architectural colour material schemes for customers. DAW can provide design sketch on colour material configuration for not only urban planning, civil residence, commercial complex and functional building, but also indoor home space. The Company popularizes the colour material system of DAW and the colour material trend of Europe for urbanists, design institute experts, professional designers, construction experts, etc., in an effort to endow urban buildings with more possibilities.

Example: Old Building, New Vitality



The Schlossturm in Dusseldorf is an art landmark located along the Rhine River. As a tower building with a history of roughly 700 years, the Schlossturm was severely exposed to the weather due to its exposed position near the Rhine River, with the old coating part thereof being badly damaged. DAW provides a customized coating renovation solution for the Schlossturm. The systone fixative is adopted to ensure the weatherability and waterproofing of the bottom base. The tower building is newly coated with the systone sol silicate with a mineral facade colour, which is compatible with the non-mineral old coating, presenting a bright exterior tone, endowing the historic tower building with a new look once again.

(V) Water Conservancy Facilities

Water is the source of life, necessity of life and foundation of ecology. Promoting water conservancy and removing water hazards are also important for development. The construction of water conservancy facilities can effectively achieve the sustainable development of water conservancy and economy. Water conservancy projects, especially century-old ones, typically have an especially high demand for relevant materials. Tiandingfeng, a subsidiary of Oriental Yuhong, introduces the production line of high-strength coarse denier polypropylene filament needled geotextile designed and manufactured by FARE Company in Italy. With its product performance far exceeding the national standard, Tiandingfeng becomes the only enterprise in China that masters the production technology of polypropylene filament needled geotextile. The aforesaid technology has been recognized as an "Advanced Water Conservancy Technology" and granted with corresponding promotion certificate by the Ministry of Water Resources. In addition, the Company has also won the national honorary title "

[illegible] Mountains Old Revolutionary Base Area

On 24 May 2[illegible] Huaihe River to the Dabie Mountains Old Revolutionary Base Area (located in Xixiaosu County, Xinyang City, Henan Province) for irrigation, successfully [illegible]

III. Craftsman: Vocational Education Promotes High-quality Development of the Industry

A large number of skilled craftsmen are necessary for China to achieve high-quality development and become a manufacturing power. The newly revised Vocational Education Law, which came into effect on 1 May 2022, focuses on enhancing the recognition of vocational education, deepening the integration of industry and education and the cooperation between schools and enterprises, improving the system and measures for guaranteeing vocational education, and better promoting the high-quality development of vocational education.

Adhering to the philosophy of long-termism, Oriental Yuhong takes the lead in establishing the Oriental Yuhong Vocational Skills Training School ("Yuhong Vocational School" for short) in the industry to build a team of knowledge-based and innovative skilled talents, cultivate high-quality technical and skilled talents, and promote the high-quality development of vocational education.

The Oriental Yuhong Vocational Training School is the only one that has obtained the Private School Permit of the People's Republic of China in the industry. Meanwhile, it is also the only institution in the industry that has obtained the qualification for social training evaluation organization in Beijing. It can carry out the vocational skill level accreditation and training for 19 types of work fallen into 11 categories. At present, the school has established 11 directly affiliated campuses in Shunyi District in Beijing City, Kunming City in Yunnan Province, Changzhou City in Jiangsu Province, Xuzhou City in Jiangsu Province, Guangzhou City in Guangdong Province, Wuhan City in Hubei Province, Chengdu City in Sichuan Province, Yinchuan City in Ningxia Province, Hangzhou City in Zhejiang Province, Quanzhou City in Fujian Province, and Hangzhou City in Zhejiang Province, and 52 training bases in provinces such as Henan, Shandong, Shaanxi, Anhui, and Hunan. As to teaching staff, among the full-time teachers of the school, national technical experts account for 70%.

11 **52** **12** **880,00**

focused and innovative from the aspects of professi



[illegible] as author, [illegible] the [illegible] and the [illegible] and [illegible] with the Company as co-editor.

The Company launches the programs of ñ30-day Introductory Training for Newbiesò and ñOne-year Apprenticeship Workshopò, mainly targeting graduates from technical secondary schools, vocational schools and junior colleges who intend to engage in work related to building materials, decoration, etc. [illegible] view to achieving the target of "earnest craft teaching, 100% employment recommendation", and planning and performing in advance for the cultivation of the new generation of technical and skill talents.

Moreover, the Company actively undertakes all kinds of national second-class competitions and industrial competitions, to better establish the image and reputation of contemporary great craftsman in Oîrü

[illegible]

[illegible] international context, in[illegible] compe[illegible] [illegible]ened [illegible] youts of the infrastructure co[illegible] [illegible] the [illegible] industry under pressure. N[illegible]less, [illegible] [illegible]ibly [illegible]led whi[illegible]king stock. It adhered to the strategic orientation toward h[illegible]ity, stead[illegible]pme[illegible] [illegible]king hard [illegible] the long run. By prioritizing risk control, holdi[illegible]st to th[illegible]ustomer-[illegible] appro[illegible] and making ti[illegible]s efforts in R&D, production, marketing, nchan[illegible] [illegible] high-q[illegible]ofessional, and complete system solutions for custom[illegible] and created a one-stop p[illegible]n for [illegible] sen[illegible]es.

(I) Quality Management

In strict accordance with the [illegible], the [illegible], and the [illegible], the [illegible] and the requirements of relevant laws and [illegible] and Shenzhen Stock Exchange, Oriental Yuhong has continuously improved its governance mechanism, refined the corporate governance structure, strengthened internal and external management and supervision, actively fulfilled

Oriental Yuhong has been recognized in society, thanks to its quality operations, products, and services. Some of the honours and titles obtained by the Company in 2022 are listed below:

1. Examples of Industry Recognition

Industry Recognition	Honours and Titles
	Forbes Global 2000 in 2022
Hurun Research Institute	Hurun China 500 in 2022
All-China Federation of Industry and Commerce	Top 500 Private Enterprises in China in 2022
The 2022 Happy Life Summit	Outstanding Service Business of the Year
China Building Materials Federation (CBMF)	2022 Top 100 Global Building Materials Listed Companies in Comprehensive Strength (34th)
2022 Boao Forum for Entrepreneurs	2022 Top 100 New Types of Real Economy-Based Enterprises (59th)
Beijing Enterprise Confederation and Beijing Boa Entrepreneur Association	Top 100 Enterprises in Beijing in 2022 (32nd) Top 100 Manufacturers in Beijing in 2022 (10th)
China Council for Brand Development, China Appraisal Society, and Xinhua News Agency National Brand Project Office	Included by “China Brand Evaluation Press Conference” for five consecutive years

2. Examples of Capital Recognition

Capital Recognition	Honours and Titles
New Fortune & Guanghua-Rotman Centre for Information and Capital Market Research	New Fortune “Best Listed Company” (Fourth Session)
Securities Times	“Best Investor Relations Award of Chinese Listed Companies” and “Best Board of Directors in Investor Relations of Chinese Listed Companies” in the 13th Tianma Award for Investor Relations of Chinese Listed Companies
Securities Times	“Top 100 Listed Companies on the Main Board by Value” and “Outstanding Management Team of the Year of Listed Companies in China” in the 16th Awards of the Value of Listed Companies in China
Deloitte China, Bank of Singapore, HKUST Business School, and China	Excellent Chinese Company in Management

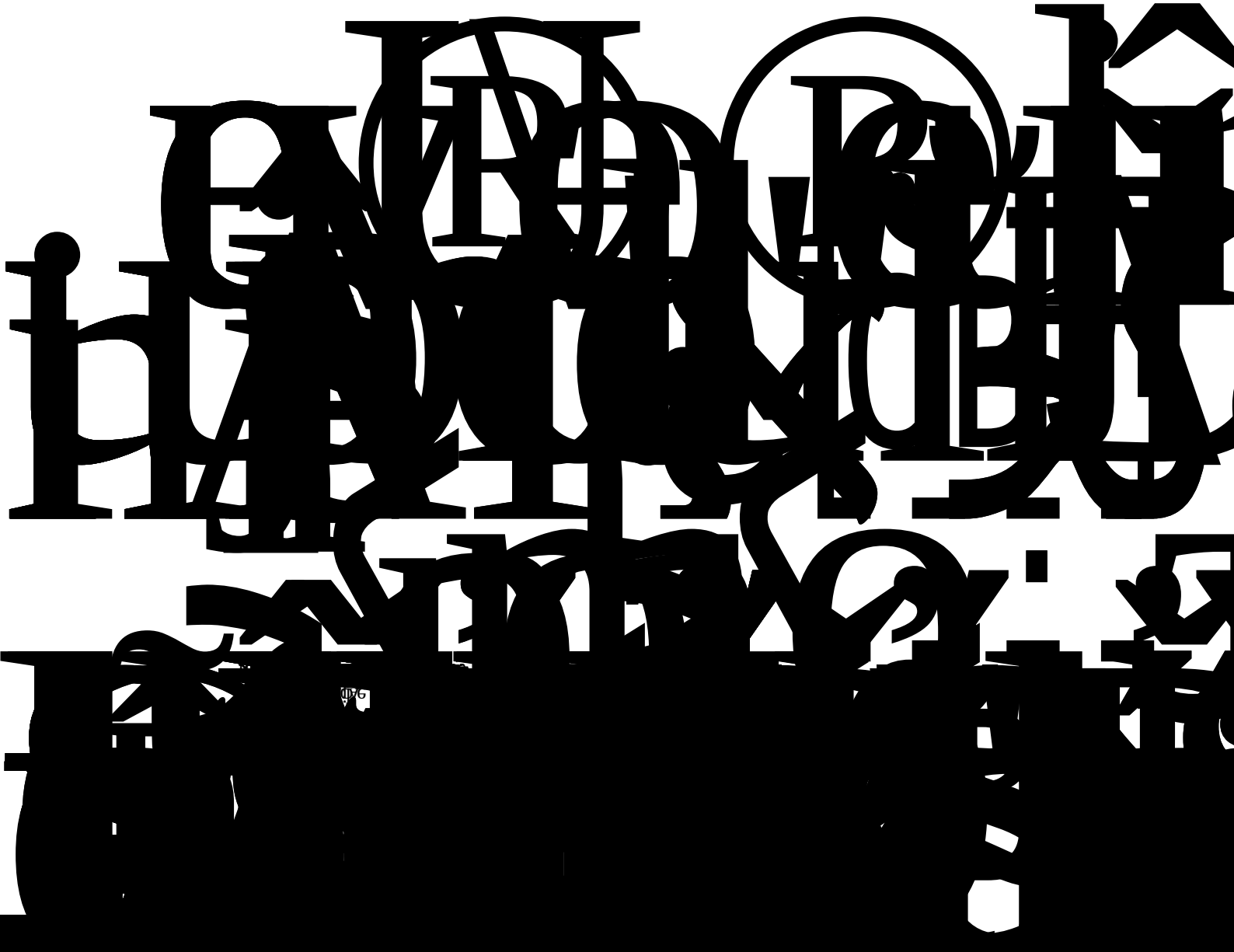
3. Examples of Service Recognition

Service Recognition	Honours and Titles

2022 Coating Industry Summit & Waterproofing Industry Summit & Brand Event

Influential Brand in Waterproofing, Influential Brand in Waterproof Sheet Material, Influential Polymer Waterproof Sheet Material, Innovative Solutions of Polyurethane Waterproofing Materials,

Influential Brand in Hom Waterproofing, Influential Brand



[redacted]

[redacted] have become [redacted] automatic. [redacted] introduction of various systems [redacted] types of [redacted] have been optimized and improved, and hazards resulting from manual work reduced. [redacted] doing so, [redacted] management efficiency has been greatly boosted. For example, bookkeeping, invoicing, account reconciliation, and account statement issuance have become automatic. Additionally, the rates of automatic order distribution and scheduling have reached 90% and 85%, respectively, the HR efficiency has been boosted by more than 30%, and the computing efficiency for inventory stock has been improved by 87%.

Lean management capabilities have been enhanced to lower operating costs. Through ERP restructuring

discrete manufacturing, switched the cost accounting from monthly accounting to order-based accounting, and switched in-person production, process, and consumption reporting in production execution to online reporting.

A systematic know-how system has been gradually developed to replace the original experience conversion with standardised operating process, models, and know-how.

(III) Innovation and R&D

Oriental Yuhong has always remained committed that technologies are the engine for the Company's development. With a global view, it has exerted all its energies to develop and introduce core technologies. Relying

[redacted]

demonstration enterprise in technological innovation in China and a national high-tech enterprise. It has been authorised to build a state key laboratory (the only one in the industry) of special-purpose waterproofing materials and has established many R&D platforms, such as a national-certified corporate technical centre, a post-doctoral scientific research station, and an engineering laboratory for advanced rubber and plastic waterproof materials in Beijing. The Company has built four R&D centres for product R&D, production technique and equipment, application technology, and engineering construction technology. Additionally, it established the Oriental Yuhong Global Excellence Research Centre of waterproof coatings in Philadelphia, the US.

In August 2022, DAW was recognised by Hangzhou Municipal Science and Technology Bureau as the "Hangzhou DAW High-Performance and Environmental Coating Enterprise High-tech R&D Centre". In October 2022, with excellent R&D innovation strength, DAW was authorised to establish a provincial postdoctoral research station in Zhejiang Province. Both have proved that DAW's technological innovation and R&D capabilities have been recognised, which will help DAW draw high-calibre R&D talent and commercialise technological achievements faster, thereby contributing to the industry transformation and upgrading.



Research talent: The Company has vigorously attracted excellent technical personnel at home and abroad and set up the Chief Scientist mechanism to develop an international R&D team. At present, the team consists of one expert granted special government allowances of the State Council, seven academicians from the Chinese Academy of Engineering, and 25 technical leaders.

Research cooperation: The Company has made no effort to conduct technical cooperation with research institutes, colleges & universities and renowned suppliers at home and abroad, in order to contribute to the output of innovative R&D achievements by capitalising on each other's strengths.

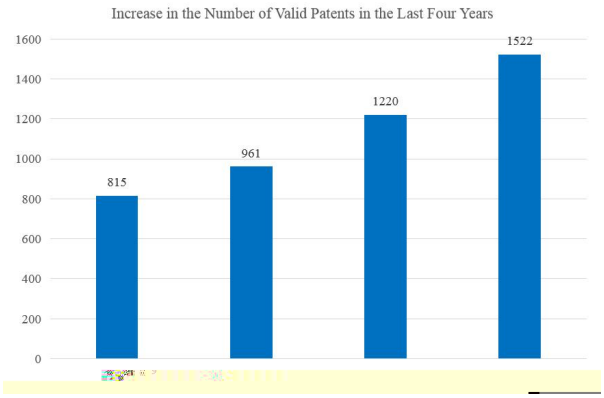
The Company has conducted cooperation at different levels with Simon Fraser University in Canada, Central South University, China Academy of Railway Sciences, Shanxi Road Traffic Research Institute, Stanford University, Gunma University, Kyushu University, Beijing Institute of Technology, and Beijing University of Chemical Technology.

Technical cooperation has also been carried out with research teams led by Academician Wang Qi from Sichuan University, Academician Qu Jinping from the South China University of Technology, Academician Chen Xiangsheng from Shenzhen University, Academician Xiao Xuwen from China State Construction Engineering Group Co., Ltd. (CSCEC), and Academician Hou Baorong from the Institute of Oceanology, Chinese Academy of Sciences.

Additionally, working together with eight colleges and universities, including Beijing University of Civil Engineering and Architecture, Beijing Institute of Graphic Communication, Harbin Institute of Technology, Chang'an University, North University of China, Beijing University of Technology, Jiangsu University, and Central South University, the Company has carried out open subject projects in terms of cement-based materials, rubber and plastic materials, asphalt

materials, polyurethane materials and functional composite waterproofing materials.

Basic research subjects in the industry: To promote sound industry development, resolve common technical issues faced by the industry step by step, and consolidate the foundation for the scientific and technological growth of the industry, Oriental Yuhong has made vigorous efforts to fulfil its responsibility for the industry by exploring basic research subjects in the industry. On 16 January 2023, four basic research projects undertaken by Oriental Yuhong passed the acceptance inspection. Among them, the result of the project "Research on the Durability of Polymer Self-adhesive Film Waterproofing Sheet Materials" led the world, and the projects "Evaluation of the Long-term Water-Resistant Reliability of Water-based Waterproof Coatings", "Evaluation of the Durability of Polyurethane Waterproof Coatings", and "Research on the Durability of Gelacry SR" achieved domestically leading results. These projects will advance the in-depth implementation of basic research, speed up the commercialisation of technological achievements, and improve the training of technical talent in the building waterproofing industry.



Patent achievements: As of 31 December 2022, the Group possessed 1,522 valid patents (including 425 invention patents, 942 utility model patents, and 155 design patents), including 12 overseas valid patents.

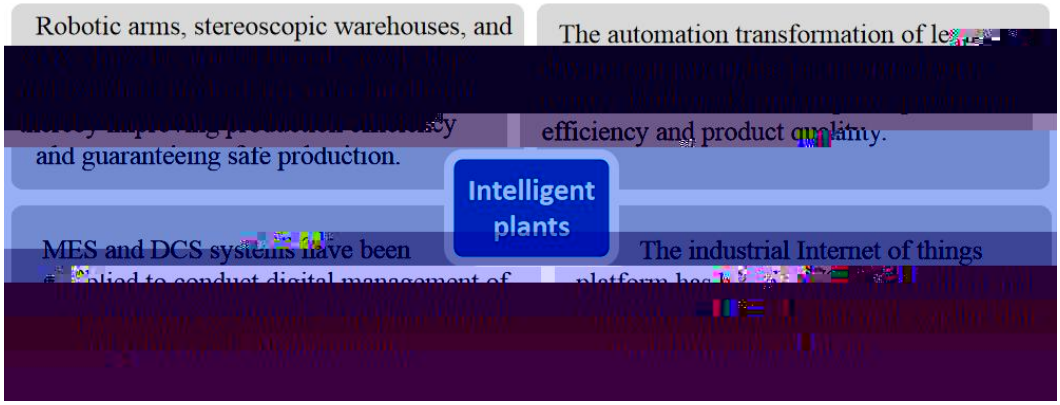
Examples of Research Innovation Achievements in 2022

No.	Project Name	Award Type	Prize
1	Key Technology for Highly Water-resistant Polymer Cement Waterproof Coatings and Application	Construction Material Science and Technology Award (Technological Progress) of CBMF & The Chinese Ceramic Society	Second Prize
2	Key Technology for Green, Low-carbon, and Multi-purpose Silane-modified Polymer Coatings and Development	Good Technology in China	Class-B Project Library
3	Key Technology for Green, Low-carbon, and Multi-purpose Silane-modified Polymer Coatings and Development	Building Waterproofing Science and Technology Awards: Technological Progress Prize	First Prize
4	Development and Application of key Technology for Green and Low-carbon Silane-modified Polymer Bond/Waterproofing Materials	Beijing Building Materials Science and Technology Award: Scientific Research Achievement	First Prize
5	Development and Application of Modified Silicone Building Sealant for Concrete Joints	Beijing Building Materials Science and Technology Award: Scientific Research Achievement	Second Prize

6	Self-adhesive Polymer Modified Bituminous Steam Trap Membrane for the Single-lay Roofing System	Beijing Building Materials Science and Technology Award: Technological Innovation	Second Prize
7	Anti-sagging Single-component Polyurethane Waterproof Coatings	Beijing Building Materials Science and Technology Award: Technological Innovation	Second Prize
8	Exposed Single-component Polyurethane Waterproof Coatings	Beijing Building Materials Science and Technology Award: Technological Innovation	Third Prize
9	GES-W308 Exposed Water-based Polyurethane Waterproof Coatings	Beijing Building Materials Science and Technology Award: Technological Innovation	Third Prize

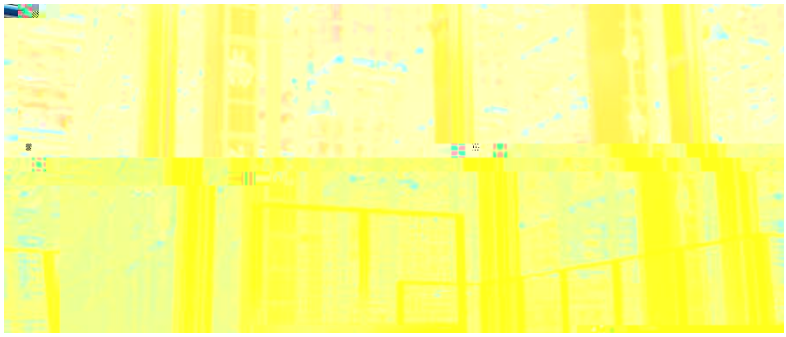
services to customers in regions within a 300-km radius within 24 hours". By doing so, it can drive intelligent manufacturing and create new production and operations modes, thereby guaranteeing product and service quality.

Through the application of intelligent equipment and information-based development, Oriental Yuhong has achieved intelligent product control and quality monitoring as well as visual, integrated, and collaborative manufacturing. As a result, the Company will not only improve product quality and operational efficiency but also create greater social value.



Intelligent assembly lines: The Company has built more than 200 advanced assembly lines and introduced the modified bituminous assembly line from R&D in the US, the membrane assembly line from Boato in Italy, and production equipment from Krauss Maffei in Germany, thereby creating a strict line of defence for quality using sophisticated equipment and advanced instruments.

Intelligent warehousing system: It comprises a 24-metre-high reinforced concrete building of two storeys, automated stereoscopic warehouse racks, stacking machines, a shuttle system, an automatic inbound and outbound transport system, an automatic control system, an information identification system, a computer supervision and control system, a computer management system, and other supplementary equipment. Industrial automation products, such as robotic arms, the KSEC TIMMS system, industrial unmanned routers, modular PLCs, the human-machine interface, industrial tablets, variable frequency drives, and pallet conveyors, work with interconnection technology. The fully intelligent warehousing system integrates computer operation, scheduling, counting, analysis, and management. It enables the automation of the whole process, ranging from labelling on the assembly line and scanning storage to finished product retrieval and from vehicle queuing to shipment tracking. Therefore, it requires only a handful of managers for the warehousing and delivery work of the entire production base.



Intelligent supervision: It supports data transmission among MES, WMS, and LIMS systems through MDM, thereby ensuring that the entire production process is traceable. Additionally, system tools are used for qualitative data analysis, achieving prevention and production control through information-based and digital means. Moreover, the full product supply chain management collaboration system is built to connect industrialisation, information technology, and industries. Production data (time, technical parameters, and operators) are fully collected to enable real-time production visualization and the management of the full life cycle of products. Intelligent systems are launched, such as those for machine station locating and checking the shipment of orders anytime and anywhere. Furthermore, a high degree of integration of the MES system and multiple systems enables all modules to be covered, including cross-region scheduling calculation, manufacturing execution control, quality management, and equipment management.

Example: "Lights-out Workshop" for Mortar and Coatings of Oriental Yuhong in Wuhu

The "lights-out workshop" well proves Oriental Yuhong's strength in intelligent manufacturing. Automatic material feeding and computing systems of high precision ensure the "perfect" realisation of the formula. Additionally, packaging can be automatically completed with the TOM packaging machine, the German Haver rotating packaging system, the supporting bag feeding device, and the combined line. Moreover, transport tasks can be completed with automated forklifts and shuttle carts, enabling production to be conducted even when lights are out.

(V) Quality Control

Oriental Yuhong has deemed quality as its foundation. It has established a product quality supervision and management centre. The Company considers "compliant operations" as its basic principles and "process management" as its core, upholds the concept of "quality first", and establishes good word-of-mouth through quality products and system services. The Company connects its full business chain, including R&D, procurement, production, inspection, sales, and construction and interconnects its technology, products, management, and services and creates a "Whole-Supply-Chain Management and Collaboration System for Unique Product Identity". A uniform quality system covers the R&D of products, procurement of raw materials, production process, inspection and control of finished products, sales, and construction. Each product has a unique identity based on a QR code, so it can be traced throughout the whole lifecycle.

Oriental Yuhong has set up strict quality control procedures. On the one hand, all processes, ranging from the R&D of new products to mass production, will be reviewed and controlled. There are five levels of inspections for the process from the entry of raw materials into the factory to the delivery of finished products outside the factory, which guarantees that products are qualified. On the other hand, it has adopted the third-party supervision and management mode to control the quality of products of each factory vertically. Every year, the products of each factory are randomly inspected on an unscheduled basis to discover problems from the perspective of customers and find solutions and ways to improve.

Product standardisation	Method standardisation	Management standardisation
Based on satisfaction with national and industrial standards, the Company has formulated stricter internal control standards, with more than 1,000 such standards formed, and conducted unified management.	For the inspection items of all products, standardised operating instructions have been formulated to require all inspectors to inspect products according to the requirements.	All laboratories must be run according to the

supervision bureaus for administrative investigations. If the value of a case is large and the case meets the requirements for criminal case filing, it should be directly reported to the economic investigation department of the public security organ. With the assistance of law enforcement authorities, the origins of the goods will be traced, the market environment will be cleansed, and users and consumers will be reassured.

Case: Counterfeiting Campaign of the E-commerce Platform of Civil Construction Materials Group

In 2022, the e-commerce platform of Civil Construction Materials Group cracked down on counterfeit grout shops and manufacturing bases throughout the country, with the three largest gangs in Southern China (Changsha, Hunan Province), Eastern China (Jinhua, Zhejiang Province), and Northern China (Baoding, Hebei Province) uncovered. In the process, nearly 20 million illegal trademarks and logos for counterfeit grout manufacturing and sale and more than 10 million pieces of counterfeit grout produced and processed were sequestrated, 70 suspects were arrested, and 20 counterfeiting places were closed. The cases were valued at nearly RMB300 million. Additionally, one of the principal offenders has been sentenced to fixed-term imprisonment. This has safeguarded the order of the market of products of Oriental Yuhong.

Better Service Experience

Faced with the upgraded consumer needs in the new consumption era, Oriental Yuhong has always upheld the "customer-oriented" service philosophy. Through technological innovation and data empowerment, the equal emphasis laid on products and services, and the removal of online and offline barriers, Oriental Yuhong has created new consumption scenarios in order to deliver better customer experiences.

Full Range of Products	Quick Response	Sincere Services
The Company keeps launching new products by focusing on the development trend of the industry and actual user needs. In 2022, it rolled out more than 200 new products, including the PSD-520 pre-laying waterproof sheet material, "Beautiful Town" ultra-easy-to-apply colourful waterproof and moisture-proof slurry, plant-based waterproof coatings, Edel Wandfarbe wall paint, 520 Love+ series, 360 Odourless series, and CapaKinde paint. Additionally, it constantly optimised product structure to satisfy diverse consumer needs.	The Company has fulfilled its commitment of "delivering services to customers in regions within a 300-km radius within 24 hours" relying on its over 52 manufacturing, R&D, and logistic bases throughout the country. Additionally, it has continued to add weight to the customer end and expand the coverage of online channels by developing more dealers and building more outlets. It has also been exploring new business forms and retail online. Yuhong Home Delivery Technology Service has developed a "15-min Service Ecosystem".	The Company persists in listening to customers' voices. It provided consultant services for approximately 220,000 customers in the year. The 6 x 12-hour mechanism is adopted for handling Customers' consultation. The 7 x 24-hour mechanism is adopted for handling customers' complaints. These efforts have helped the Company earn a customer satisfaction score of 93.3, the same as that of last year. Additionally, the Company achieved a loyalty score of 94.2, higher than last year, and a complaint rate of 8.2%, lower than in 2021.

Case: A Strategic Agreement was Signed between Oriental Yuhong and JD.com.



In July 2022, A strategic agreement was signed between Oriental Yuhong and JD.com. With JD.com's years of strengths in warehousing and distribution logistics, home decoration, online and offline channels, and supply chain systems and Oriental Yuhong's advantages in construction and building materials, building renovation, and home delivery services, both sides worked together to build an ecosystem that features full "online + offline" channels and integrates "product + supply chain + promise delivery services" in home decoration materials and building renovation industries.

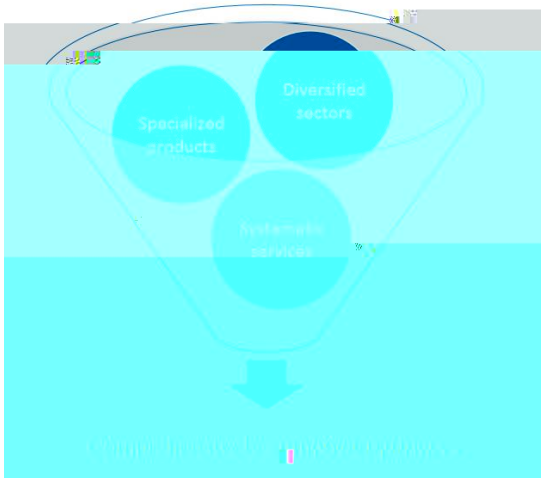
Case: Oriental Yuhong Delivered an Excellent Performance During the 6.18 Online Shopping Festival, with the Sales of Several Products Ranking First.

During the 618 online shopping festival in 2022, Oriental Yuhong's waterproof products and other products on various e-commerce platforms recorded the best sales. Specifically, a total of more than 100,000 barrels of waterproof coatings and 380,000 pieces of grout were sold on JD.com, Tmall, and PDD. Concurrently, Alpina's full-time rate of return on investment (ROI) rose by 40%, and the retail sales of Caparol's new product, Freedom Paint, increased by 300% during the shopping festival. Additionally, concerning the Alpina + Caparol shops, the total number of visitors climbed by 1000%, and the customer service personnel members received more than 130,000 customers.

(VII) Achieving Mutual Creation, Mutual Sharing and Mutual Benefit with Partners

Since its establishment, Oriental Yuhong has always considered the long-termism as its value anchor, and continuously deepened its value as a building material system service provider. Driven by the philosophy of "mutual creation, mutual sharing and mutual benefit", it strives to be the invisible champion in all segments of building materials on the basis of "platform + creator" operational and management model, and provides strong support for the sustainable development of society and industry.

Mutual creation, mutual sharing and mutual benefit



The development of Oriental Yuhong cannot be achieved without thousands of business partners pursuing the common goal with unity in action. With cohesiveness and implementation ability featuring "might from a small hole and benefits from one

source” supported by diversified sectors, specialised products and systematic services, Oriental Yuhong always adhered to comprehensively empower its partners to achieve aggregate effect, making co-creation and co-sharing more vigorous and valuable, offering a platform for thoughtful and innovative employees and distributors to realize their self-worth, and providing resources for the development of creators, so as to achieve mutual sharing and mutual success.

Oriental Yuhong has always adhered to cooperate with partners based on sincerity, sharing weal and woe, interdependence and common interests. With the kind incentive of “dedicated employees as our foundation”, more and more excellent partners have joined the big family of Oriental Yuhong.

Example: Civil Construction Materials continued to Cultivate Channels with Steady Growth and Quality Focus

The Civil Construction Group focused on blank markets, increased the national city coverage, supported professional customers to become bigger and stronger; it also continued to expand sales outlets while focusing on the quality of channel operations, and stabilized the traditional strong channels through the network grading, strengthening visits and other initiatives to ensure the continued healthy and rapid development of channels. It also strengthened channel information management and used information technology platform to achieve online management of sales network of business personnel to create a real-time and efficient + convenient review of business work mode.



(VIII) Building Nationally, Growing Globally

Oriental Yuhong has cultivated overseas markets for many years since 2005, with deep accumulation of nearly 20 years. Many of its products have been certified by EC1PLUS (Germany), A+ (France), CE (EU), GOST (Russia), and CRRC (the United States). HDPE products have successively obtained certificates of patents for inventions issued by Australia, the United States, Singapore, and the European Patent Office (EPO). In addition, it has been reported by many overseas media, including, , , , , , thus continuously raising its reputation in international markets.

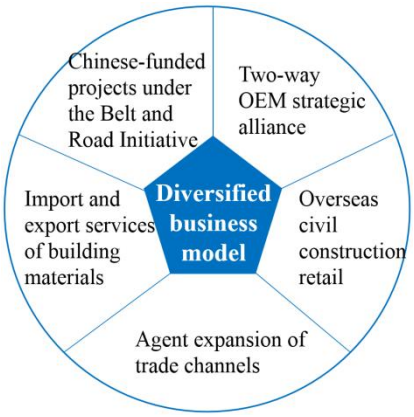
In recent two years, with the reshaping of global competitive pattern, Oriental Yuhong has accelerated its

and regions under the Belt and Road Initiative, constantly enhancing brand effect and developing certification and patent licensing of overseas products.

135	Over 1,000	136
overseas level 1 agents	level 2 agents	countries and regions are covered

As of the End of 2022

Oriental Yuhong has set up branches or offices in such areas as Malaysia and Canada and in succession, with key corporation projects including the Marebaya Port-Simandou Mine Railway in Guinea, the Mombasa-Nairobi Standard Gauge Railway in Kenya, the Venezuela Railway, the Lagos Light Rail Blue Line in Nigeria the Sri Lanka Railway, the Salah-Aldeen Power Station in Iraq, the Telaga Waja Hydropower Station in Indonesia, the China-Maldives Friendship Bridge in Maldives and the Ethiopia Railway. The Company has contributed to the connectivity of facilities of countries and regions along the Belt and Road with high-quality Chinese construction materials and services.



Example: Oriental Yuhong was Successfully Selected as ñ2022 Belt and Road Initiative Green Supply Chain Caseò.



In 10 January 2023, the All-China Environment Federation hosted the Founding Conference of the Committee of the Belt and Road Economic and Environmental Cooperation Forum, aiming to further enhance its international cooperation of ecological environmental protection, promoting collaboration in key areas of green development under the Belt and Road Initiative in a coordinated manner, and telling China's stories well in terms of improving the green development of the Belt and Road together. Oriental Yuhong was successfully selected as "2022 Belt and Road Initiative Green Supply Chain Case".

Oriental Yuhong has adhered to the co-development of projects and channels, and gradually formulated a unique overseas business system, providing integrated services from project initiation to implementation, matching product performance with specification and combining Chinese standards with various standards from other countries, so as to fully meet the specification demands of projects.

Initial phase: Considering applicable solutions in terms of topography, climate and environment

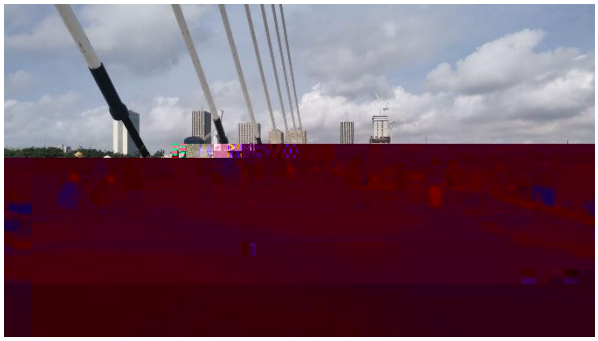
Transportation process: Ensuring safe arrival of goods overseas through whole process participation

Project construction: Providing on-site technical support in accordance with local situation

Oriental Yuhong has gradually transformed from a manufacturer and material supplier to a one-stop service provider integrating materials and services, assisting the turnkey to present multiple excellent works. The following are some of the international projects undertaken by Oriental Yuhong in 2022:

Pont de Cocody in Cote dôIvoire

The Pont de Cocody in Cote d'Ivoire is the largest cable-stayed bridge in West Africa. It is one of the landmarks of the business centre of Cocody Bay, which the Cote d'Ivoire government is committed to build. Products applied in the project: Road and bridge waterproof sheet material.



The Eastern Coastal Railway Project in Malaysia

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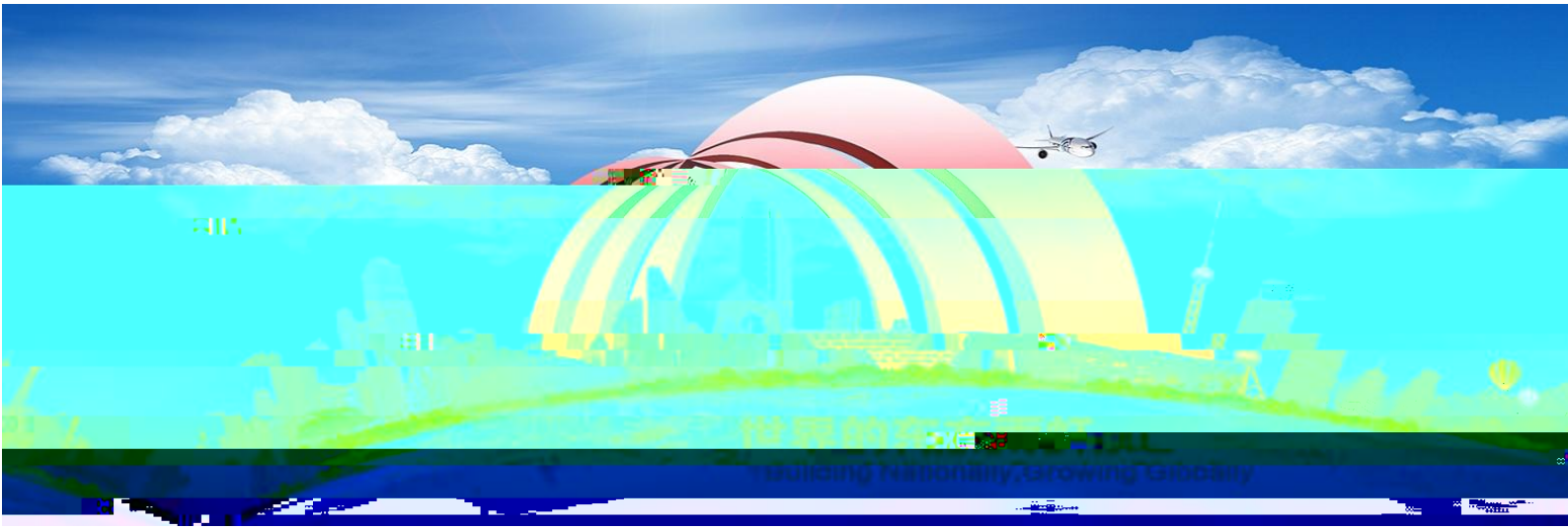
urban area and public service area. Products applied in the project: SBS modified bituminous waterproof coating	tunnels with a length of 27.6 kilometres. Products applied in the project: Waterproof sheet material, waterproof coating, non-woven fabrics and water stop.

With excellent construction and engineering quality, Oriental Yuhong has also been recognized overseas. The following are some of the honours awarded in overseas markets in 2022:

Overseas recognition	Royal Mosque Project in Selangor, Malaysia	The TPO maintenance sheet material has been approved by the Ministry of Works of Malaysia and included in the list of maintenance materials for mosques in Malaysia.
	Projects such as the Burkina Faso Hospital, the new premises of the Mission of China to the African Union, and the National Assembly Building in Cameroon	Oriental Yuhong was awarded as the of international engineering of Chinese-funded urban construction in 2021
	China Association of International Engineering Consultants and China International Engineering Procurement Alliance issued the approved measures, and the equipment and services of members of the alliance is waiting for bidding and procurement	Preferred filing unit



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[illegible]iental [illegible]ng [illegible]red t[illegible]il[illegible]se[illegible] enterp[illegible]rce-saving and [illegible]ronmental friend[illegible] It m[illegible]ains gre[illegible]ag[illegible]ent in stru[illegible]e design, c[illegible] to high [illegible]dard green requ[illegible]ents in the supply chain and keeps the clean and green con[illegible] in mind [illegible]ng gree[illegible]rvices with standardized and intelligent work in construction sites, making gr[illegible] build[illegible]gs [illegible] va[illegible]us g[illegible] technological results and contributing to achieving the climate goal of "p[illegible] carbon dio[illegible]efore 2030 and carbon neutrality before 2060" with practices.

With the production and operation centre at the centre of [illegible]driving force, the Company has promoted certification as green plants, and established and improved the management objectives and assessment mechanisms regarding safety and environmental protection, energy conservation and emission reduction, and social responsibility. Based on the greenhouse standards of the MIT, certification of the three ISO systems, and other standards, the Company has actively made efforts in the management of safety, environmental protection, occupational health, and energy in its production, R&D and logistics bases. The Company seized the opportunity of national environmental performance grading for self-improvement. All of its plants in national key environmental areas met Grade A standards, and environmental protection facilities in new plants were call installed following the Grade A standards.

Oriental Yuhong has established and improved the environmental management system, carried out publicity

equipment centre is responsible for the management of energy conservation and consumption reduction. The general manager of each factory/branch/subsidiary is responsible for the level-3 management departments. The Safety and Environmental Management Department is responsible for the management of safety and environmental protection. As for the energy conservation and consumption reduction, the Equipment and Energy Consumption Department should undertake such responsibility. The production departments are responsible for the implementation of energy conservation and consumption reduction and safety and environmental protection.

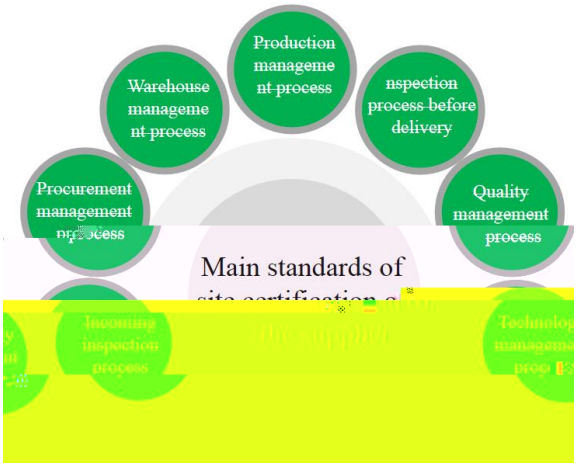
Oriental Yuhong has established and improved the GB/T 24001-2016 environmental management system, developed relevant plans and other environmental management documents for implementation, inspection and improvement. The Company carried out publicity and education activities about environmental protection, promoted environmental responsibilities related to the supply chain, continuously regarded "green production and low-carbon environmental protection" as the management direction, and advanced routine, systematic and standardized environmental management. By doing so, it further quantified the environmental management performance and specifically evaluated the environmental impact.

The Company continuously increased its investment in environmental protection and strengthened review to ensure 100% environmental protection acceptance for

(II) Building of Green Supply Chain

Oriental Yuhong has established an efficient supply chain from such aspects as corporate development, procurement management model, supplier performance and strategic supplier development, and promoted the continuous update of industry technologies and the continuous improvement of suppliers in multiple dimensions through joint development, thus earning the respect of peers and customers and becoming partners with shared values. Oriental Yuhong has incorporated the principles of environmental protection into its mechanism for supplier management. Starting from the source of raw material extraction, production process, final consumption and other processes, Oriental Yuhong has formulated actionable green procurement standards and green procurement management programs that cover testing, certification, and implementation. This measure aims to minimize the adverse impact on the environment directly or indirectly, boost resource efficiency, and provide end consumers with green, healthy and eco-friendly products.

The sunshine and centralized purchasing is a major purchasing mode of Oriental Yuhong. It remains committed to the philosophy of globalization, information-based, low-carbon, and environmental protection and works together with the upstream customers to jointly promote the development of the industry. Oriental Yuhong adopts the supplier access certification system to select and manage suppliers. It takes the incoming inspection process, procurement management process, warehouse management process, production management process, inspection process before delivery, quality management process, and technology management process as the main standards of site certification of the supplier to ensure the quality of supplied products. The Company introduces a random check to control the supplier quality of key materials from the perspectives of technical research and development, process control, and warehousing logistics. It emphasizes supplier management and performance appraisal and practically improves the competitiveness of the supply chain by taking results as the orientation.



Oriental Yuhong adheres to the building of green supply chain. When procuring raw materials, it prioritizes the use of products with low-carbon production processes. Regarding consumer goods such as office supplies, it prefers products that are easy to recycle, in an effort to ease the environmental loads of the industry chain via green procurement.

The Company has established more stringent procurement grading standards and management process based on national standards. Aside from the product assurance approach of requiring raw material suppliers to provide both products that meet regulations and third-party testing, it also requires such suppliers to offer internationally-recognized chemical safety and quality instructions to take precautions from the source.

In line with the concept of equality and win-win cooperation, Oriental Yuhong carried out in-depth cooperation with partners, maintained a stable and efficient supply chain, continually promoted the concept of corporate social responsibility to supplier partners, actively expanded the development of the Company, its partners and the industry to jointly cope with challenges of environments and society of various types. With brand responsibility as its philosophy, Oriental Yuhong provided customers with the quality services of whole-process, multi-dimensions, and deep communication.

In 2022, Oriental Yuhong carried out technical cooperation with many domestic and international famous enterprises, such as Wanhua Chemical, CNPC, BASF, Exxon Mobil, and LyondellBasell Industries. They worked closely from multiple dimensions, including, technologies, markets, products, and construction processes, and made efforts to create high-quality products and system solutions. It continuously carried out technological innovations to promote the sustainable development of the industry.

(III) Green Production - Safety

Safety is basic support of the Company's operation and the top priority of the Company. Following the principle of "safety first, prevention first", Oriental Yuhong implemented the safety responsibility policy at all levels to prevent any accident. It has fostered awareness of "all employees participating in safety management", improved its safety management system, established safety policies, organized safety education and training, and improved safety awareness and crisis management skills to ensure stable production and normal operation of the Company.

1. Safety Management System

In accordance with national safety monitoring & management laws and regulations, Oriental Yuhong strengthened safety system construction and revised and improved some safety management systems, including the , , , , and , etc. It also elaborated the safety responsibility.

Safety Management Policies in Production and Logistics Bases of Oriental Yuhong

Safety production responsibility system	Firework management system	Inspection system for potential safety hazards
Safety education management system	Management system for occupational health	Management measures for honesty and self-discipline
Safe production and inspection system	Management system for reporting and dealing with workplace accidents	Management system for entering and leaving plants of Oriental Yuhong
Safe production reward and punishment system	Management system for fire safety	Coordinated management system for safety in plants
Management system for labour protection supplies	Management system for safe use of electricity	Management measures for limited working space

Safety management system for hazardous chemicals	Emergency management system for fire accidents	Management regulations on safety penalties in production and operation centres
Safety management system for equipment	Management system for emergency response to chemical leakage	Management measures for dealing with work accidents in production and operation centres
Safety management system for special operation	Safety management system for external construction operators	Management regulations on assessment of safety credit reward points of employees in production and operation centres
Safety management system for high-place operation	Safety management system for trainees, trainers and interns	Safety management system for employee transportation
Management system for smoking ban	Safety management system for forklift	Regulations on wearing safety helmets
Safety management system for cargo transportation in plants	Management system for changes	Safety management system for electrostatic and anti-explosion

2. Safety Production Site

Oriental Yuhong carried out a safe production responsibility system, which covered the whole network of construction and staff, to ensure the fulfilment of safe production responsibility. It also completely carried out safe production standardization and HES safe production system.

The Company set up a specialized safety management department in its main production, R&D and logistics bases and allocated dedicated personnel for safety management. It also established a consolidated safety management team, with safety management directors of different factories as team members and production & operation directors as the leader. The team was responsible for the safety management of different factories. A long-term coordination mechanism was set up and safety information and resources were shared. Members worked together to ensure the accomplishment of the safe production objective of the whole production & operation system.

Input Details for Safety Production in Main Production Bases of Oriental Yuhong

No.	Category	Item	Amount (Unit: RMB' 0,000)
1	The upgrading, reconstruction, maintenance and inspection of equipment and facilities	The procurement, maintenance, repair and inspection of fire-fighting equipment	996.7674
2		Lightning protection and anti-static maintenance, repair and testing	38.7725
3		The maintenance, repair, testing and inspection expenses of special equipment	214.616
4		Expenditure on safety signs & warnings and publicity	62.56131
5		Safety protection upgrading, reconstruction and maintenance expenses of mechanical equipment	105.139
6		Upgrading, reconstruction and maintenance expenses of fall prevention facilities in high-place operation	68.96
7		Upgrading, reconstruction and maintenance expenses of safety facilities in hoisting operation	22.42

8		Upgrading, reconstruction and maintenance expenses of safety facilities in inflammable and explosive places	9.77
9		The expenditure on the improvement, reconstruction, and maintenance of other safety equipment and facilities	220.88
10	Emergency rescue	Expenditure on equipping and maintaining emergency rescue equipment and on emergency drills	39.05
11	Rectification against hidden trouble	Expenditure on evaluating, monitoring and rectifying major sources of danger and latent danger of accidents	135.25
12	Evaluation and consultation	Expenditure on production safety inspection, evaluation, consultation and standardization	201.75
13	Prevention and control of occupational diseases	Expenditure on provision and renewal of safety protection articles for on-site operators	414.55949
14		Expenses related to physical examination of occupational diseases and occupational hazard factors testing	82.3888
15	Training and education	Expenditure on publicity, education and training of production safety	29.27
16	Four “News”	Expenditure on promotion and application of new technologies, new standards, new processes and new equipment that are suitable for safety production	394.7
17	Safety culture	Expenditure on enhancing the Company’s total participation in safety culture and safety incentives	272.623
18	Others	Other expenditures directly related to production safety	203.979
Total			3513.4565

3. Product Safety

To ensure the safety of products, Oriental Yuhong has taken the following measures to strictly control product quality and ensure product safety.

1) The Company has passed the certification for quality management system, environmental management system, occupational health and safety management system, measurement management system, CE, CTC, CRCC, Chinese environmental labelling, etc. It strengthened and improved the operation of management systems. Its products meet safety standards stipulated by domestic and international rules and regulations, and hidden safety risks for customers and society are eliminated.

2) Raw materials, such as liquid asphalt and emulsion, are stored in sealed tanks and transported with sealed pipes, thus ensuring air insulation. In the product preparation process, safety protection measures shall be fulfilled to avoid hidden risks that the product may bring to workers in the workshop.

3) Product packages meet safety standards and have no leakage risk. Safety technology instructions are posted on products to inform customers of safe storage, safe transport, safe application procedures, safety precautions, and emergency treatment measures.

4) The production, storage, transportation, sales, and application of dangerous products shall be carried out in accordance with legal safety precaution measures, to ensure the safety of the enterprise, employees, the public, and society.

5) Product quality and safety are taken care of by the Kanban pull system. The QR code is applied for the management of output and input of the warehouse to achieve the first-in-first-out of materials and improve the efficiency of material turnover. Product quality tracing is made in the whole process.

6) The Company has established a product tracing system, which gives each product an identity code and enables all-around traceability to the processes in the product life cycle. By scanning the identity code of the product to query the information of each specific product, such as its production workshop, production team, the person in charge of research and development of the product formulation process, and product packaging and product use cycle, to monitor the cycle process of each product and prevent the application of counterfeit and shoddy products in the production to some extent.

4. Social Security

As an important social organism, enterprises must focus on social safety for the normal operation of economic and social activities. The following is the implementation of the relevant measures to ensure the social safety of Oriental Yuhong:

1) The whole company strictly promoted the , which explicitly stipulates that the Company abides by business norms, ethical guidelines, all laws and regulations, and respects social customs and religious beliefs;

2) The Company clarified the responsibility of the incumbents for the safe construction of the society and community, and strictly prohibited any behaviour endangering public safety;

3) The Company strengthened the education of public safety for incumbents, including prohibiting illegal entertainment and assembly activities, complying with traffic safety regulations during the commute, ensuring the safety of driving, and avoiding causing adverse effects on the public;

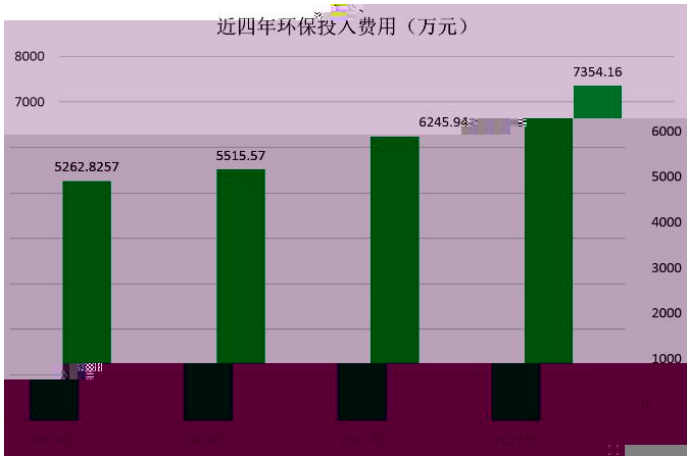
4) The Company increased the investment in environmental protection of the plant, invested a lot of human and material resources in the treatment of pollutants, strictly controlled the discharge of pollutants and eliminated the environmental impact on the surrounding communities;

5) As a corporate citizen, Oriental Yuhong constantly strengthened social safety measures. The Company organized interactive safety and fire drills, conducted fire emergency and rescue drills for employees, issued first aid manuals to employees, publicized emergency rescue knowledge, and built a safety atmosphere of “everyone pays attention to firefighting and everyone participates in firefighting”;

6) The Company organized lectures on anti-terrorism and traffic safety to raise the awareness of all employe

Canteen Fumes	The standard limit stated in the (GB18483-2001) is applied to canteen fumes (emission concentration of fumes shall not exceed 2.0 mg/m³)

2. Investment in Environmental Protection



Producers must be responsible for the waste caused in the production. In accordance with this principle, Oriental Yuhong carried out environmental evaluations, increased environmental investment, unified production site management, and strengthened control and treatment of pollutants and wastes, to reduce the influence on the community and surrounding ecological environment. The main investment in environmental protection exceeded RMB73,541,600 in 2022, up by 17.74% over the previous year.

Statement on Oriental Yuhongôs Main Investment in Environmental Protection

No.	Category	Item	Amount (Unit: RMBô 0,000)
1	Evaluation, consulting and testing	Expenses for evaluation, consulting and testing related to environmental protection	271.0918
2	Solid waste	Expenses for storage, transfer and disposal of general solid waste and hazardous waste	657.2811
3	Air	Particulate matters treatment (treatment of waste gas from coatings and powders, mortar, gypsum putty powder and other production lines)	320.78
4		VOC treatment (coatings, polymer and other treatment facilities)	448.3
5		Asphalt fumes treatment (investment in environmental protection facilities for asphalt-related production lines)	2,067.9
6		Treatment of waste gas from boilers	40.05
7		Other investments in environmental protection facilities	164.74
8	Water	Treatment of domestic and industrial wastewater	1,166.795333
9	Noise	Noise reduction devices	14.5
10	Expenses for reconstruction of energy conservation	Expenses for projects related to energy conservation and emission reduction, consumption reduction and PV (Unit: RMB’0,000)	1,459.6

	and emission reduction		
11	Others	Greening	317.554
12		Emergency response	24.1
13		Investment in technology and engineering measures for resource utilization Ď҉	

Carbon Emission Data of Oriental Yuhong (Scope I and Scope II)

Unit (tco2e)	Scope I	62,048.85391	Direct discharge from sources of greenhouse gas emissions owned or controlled by Oriental Yuhong
	Scope II	243,692.0388	Indirect greenhouse gas emissions from electricity/heat purchased

4. Emission Reduction

The Company vigorously promoted the use of advanced pollutant treatment processes and advanced treatment facilities such as RTOs in its production, R&D and logistics bases to treat exhaust gas arising from bituminous waterproof sheet materials, bituminous coatings and others. Compared with the traditional electrostatic dust removal and alkaline cleaning processes, the advanced processes reduced more than 50% of the PM emissions, nonmethane hydrocarbon emissions and odour emissions, and VOCs emission treatment efficiency could reach up to 95%. Meanwhile, the Company carried out the energy-saving transformation of air compressors to further improve the energy efficiency level of air compressors in its plants. Moreover, the Company reduced the energy consumption of appliances and equipment with huge electricity consumption. According to the standards of the Hefei Institute of Mechanical and Electrical Research, the power-to-weight ratio of innovative energy-saving air compressors was measured, showing that the air compressors could save more than 20% of energy.

No.	Type	Unit	2022
1	COD emission	t	20.6
2	VOCs emission	t	37.8303
3	Sewage discharge volume	m^3	294,867.34
4	General solid waste output	t	18,296.482
5	Hazardous waste output	t	2,008.7574

5. Clean Energy

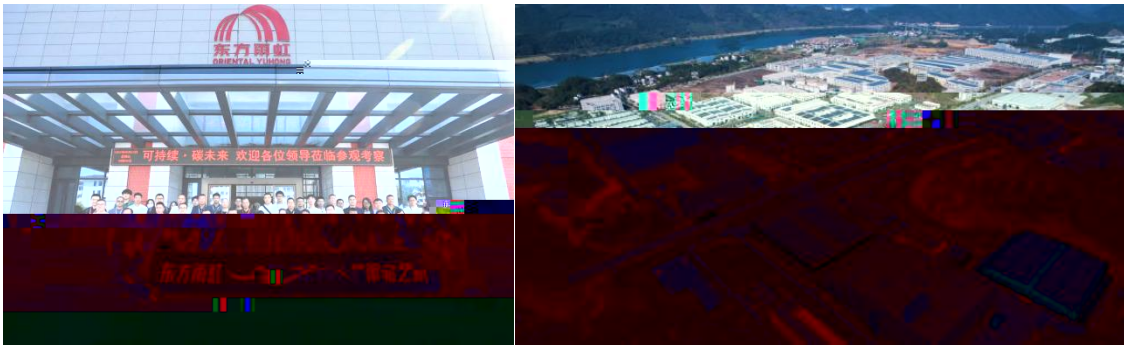
Oriental Yuhong actively promotes the application of clean energies and conducts distributed PV power generation and electricity storage projects more vigorously in its production, R&D and logistics bases. The Company launched the project of roofing PV power stations. The phase-I project included 16 production, R&D and logistics bases of Oriental Yuhong with a total installed capacity of approximately 48.6MW. The cumulative power generation in 2022 was 9,275,560 kW·h, equivalent to an annual reduction in combustion of standard coals of approximately 1,204.9 tons and CO^2 emissions of nearly 5,416 tons. [

was referenced with the coefficient of 0.1299kgce/kW·h adopted, while the arising from was referenced with national mean used to simplify the calculation and the coefficient of 0.5839tCO2/MWh adopted]

The phase II project was officially initiated in February 2022, which will cover 12 production, R&D, and logistics bases of Oriental Yuhong. The estimated total installed capacity is approximately 45MW. In the future, Oriental Yuhong will earnestly drive energy-saving projects, such as PV power generation, low-temperature operation of heat conduction oil, solar heating, and boiler/air compressor waste heat reuse.

Case: Roofing PV Power Stations of Oriental Yuhong & DAW Hangzhouôs Production, R&D and Logistics Bases

On 12 August, Oriental Yuhong launched its E-FACTORY experience tour with the theme of "Sustainable Future with Carbon" in Jiande, a "Global Green City" and "National Garden City". The Company together with the guests witnessed the completion ceremony of PV power stations of Oriental Yuhong & DAW Hangzhou's production, R&D and logistics bases. Two of these plants' PV power stations, with a total installed capacity of about 6MW, are expected to bring in 5.94 million kW·h of clean energy every year.



6. Carbon Dioxide Consumption

Fuda, a subsidiary of Oriental Yuhong, signed the

with the Foreign Environmental Cooperation Centre, Ministry of Ecology and Environment. It has completed the general technical transformation of replacing HCFC foaming with CO^2 foaming, thus making products more environmental-friendly, and passed the acceptance of the Ministry of Ecology and Environment. In 2017, the United Nations awarded the certificate of honour for "valuable contributions and effective in protecting the ozone layer". Fuda adopted CO^2 as raw material for a foaming agent to produce high-performance and environmental-friendly XPS boards, and directly consumed around 371.81 tons of CO^2 in 2022, growing rapidly at an annual rate of 35% to 45%. The environmental-friendly foaming agent and flame-retardant technology system adopted by Fuda produces substantial environmental benefits to reductions in greenhouse gases, making it a feasible technical option for realizing the carbon peaking and carbon neutrality goals.

(v) Green and Intelligent Services

Smart construction is the only route for improving the quality of industrial development and transforming the labour-intensive production mode into a technology-intensive production mode. In-depth promotion of the smart construction and building industrialization synergistic development, cultivating technology-enabled information-based intelligent construction techniques, is the way to promote high-quality development of Oriental Yuhong.



Oriental Yuhong's focus is on the development of innovative technologies for the smart construction, and it has continued to promote intelligent upgrading of the industry through platform advantages and integration of science and innovation resources. In 2018, the Company laid out the field of intelligent equipment and took "standardised construction, intelligent equipment and specialised services" as the guide to shape new advantages for high-quality development. Up to now, in the field of intelligent equipment, it has accumulated more than 130 valid patents (including 32 invention patents) and launched more than 20 models of intelligent equipment, such as Totterman JCJR-100, Rider JCJR-10, Hongxiang 895 and Hongxuanfeng, etc. The service covers more than 10 provinces in China and has been well applied in many large-scale engineering projects.

Example: The Specialized Puncture Resistance Tester for Polymer Self-Adhesive Film Waterproofing Sheet Materials



It is like bringing a laboratory to project sites and customers, enabling customers to understand the test item more directly and vividly. The tester has four characteristics: The procedures of the tester are identical to the test methods specified in the national standard. It has been calibrated by CTI, an authoritative testing institution, to ensure accuracy. It only takes five minutes from cutting test-piece to printing out test results. The tester is compact and light that test can be done anytime, anywhere. It is a fully automatic mode, with a touch screen.

Case: ñHongtanò Visualisation System



Through AI artificial intelligence recognition, project management can achieve a comprehensive inspection of the construction site reality and 24-hour real-time supervision to further regulate the project safety behaviour, ensure "highlighted safety, full coverage, zero omission, strict implementation, and quality assurance".

VI. Community: Taking Responsibility, Harmony and Upward Mobility

(I) Moving Forward with Employees

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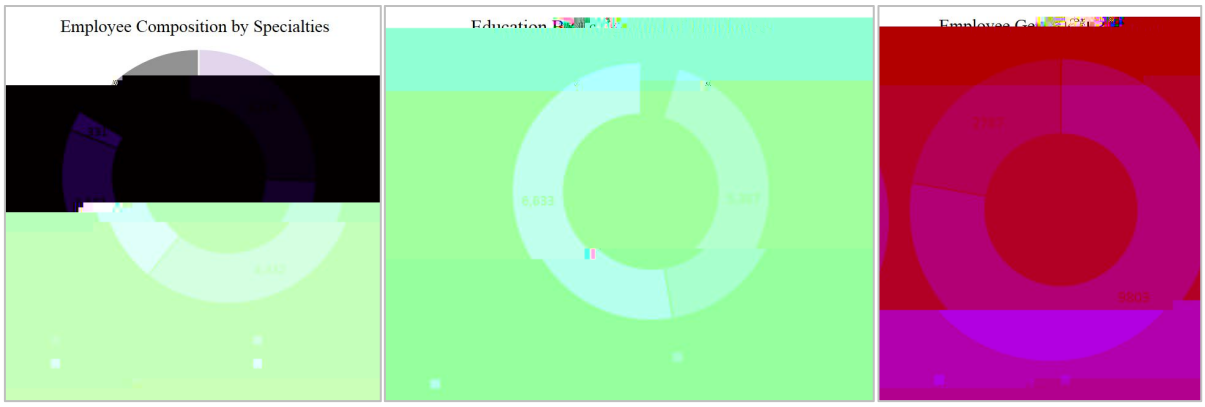


2. Basic Rights and Protection

Oriental Yuhong has established a strict human resource management system, strictly prohibiting and resisting the recruitment of any form of a child, strictly avoiding the occurrence of forced labour. As a result, no recruitment of children and forced labour has ever occurred so far.

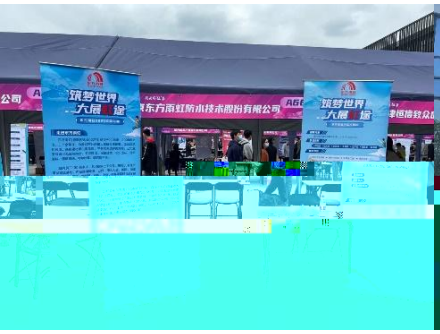
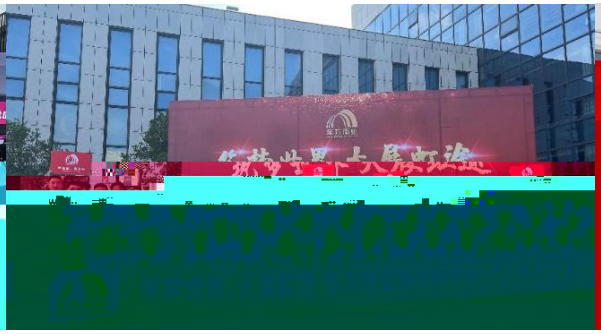
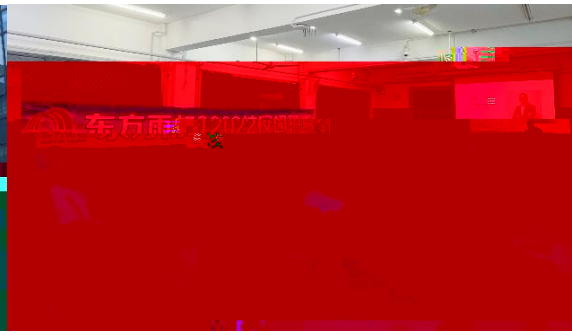
The Company protects practically the legitimate rights and interests of the disabled and other vulnerable groups; the Company al0mکِ

3. Upholding of Labour Rights and Interests

The Company has set up a Trade Union organization in accordan]

Classified employment | Competition on merit | Localised employment | Recruitment of fresh graduates

In 2022, the Company conducted publicity in more than 100 colleges and universities nationwide, organised more than 100 presentations and accepted 660 freshers.

5. Remuneration and Incentives

The Company boasts a perfect compensation incentive system. Based on its post value evaluation and in accordance with the principle of market-based remuneration level, the Company defines its salary according to post. Once the post changes, the remuneration will adjust accordingly. It gives priority to efficiency, renders remuneration according to performance, takes count of justice, and at the same time, conducts regular salary reviews and adjustments, gradually improves all forms of medium and long-term incentives, strives to provide employees with stable, attractive, and relatively more perfect compensation system, and enjoys together with the achievements of enterprise development, supports the grass-roots staff, and commits to training industry-leading technical staff and building a first-class team of craftsmen.

The Company has improved social insurance and housing provident fund systems, and paid insurance for employees' endowment, medical treatment, unemployment, employment injury, maternity and housing provident fund, with 100 percent coverage for all the employees. Meanwhile, the Company specially bought accident insurance for employees who went on business trips throughout the year. It also bought accident and commercial insurance for employees who went on business trips for training or group activity, making employees work comfortably and feel free to go on business trips.



On the basis of the annual assessment for excellent and advanced units and individual employees, the Company supplemented the category of the Figures Moving Yuhong, according to which, advanced collectives and individuals with outstanding performance and fast growth in terms of engineering technology, management, function, and sales, etc., would be commended, and the awards were conferred especially to those front-line personnel fighting at the grass-roots level and ordinary sales personnel who had always set new records.

6. Welfare Benefits and Care

Oriental Yuhong treats employees as family members, committed to building four welfare care systems. For each significant day, Oriental Yuhong always tries to achieve “love, no miss”. On the day when employees celebrate a birthday, wedding, or give birth to a child, the Company sends its birthday gift, cash gift to the newly married, and gift to the new born child at the earliest time possible. During the Spring Festival every year, the Company also, with full gratitude, extends its sincere greetings and New Year’s gift to the parents of employees. The Company rewards the grass-roots staff whose children are admitted to top universities.



7. Health and Safety

Management System of Occupational Health and Safety

The Company puts the health and safety of employees in the first place, establishes a perfect occupational health and safety management system, forms a systematic safety operation and operating process, sets up a departmental safety officer responsibility system, carries out regular identification and inspection of danger sources in workshops, laboratories and other places, organizes regular occupational disease medical examination activities for employees working in the relevant areas, establishes employee occupational health management files, and creates better work environment and conditions for employee health. The Company arranges regular medical check-ups for all employees every year and designs various medical check-up programs according to various perspectives such as gender, age, nature of work and medical history.



Labour Protection

The Company has built a standardized labour protection system, equipped with perfect labour protection supplies and safe operating tools, and regularly conducts practical and theoretical training to help them master the standardized operating procedures, the correct use of protective equipment and personal labour protection supplies to enhance the self-protection skills of employees.



In addition, the Company also focuses on creating a safe culture and a safe working environment. The Company has set up occupational health and safety warning signs at production sites. The Company carried out regular testing of dust, noise, toxins and other occupational hazards, and

commissioned qualified occupational health services to conduct annual health monitoring of occupational hazard jobs. The Company has timely upgraded the dust, toxic and noise protection facilities and eliminated outdated processes and technologies to improve the working environment in the workplace.

The Company strictly followed the national regulations to give subsidies to prevent heatstroke and regularly distributed heat stroke medication and drinks during the high-temperature season. In severe cold and heavy foggy weather, the Company promptly adjusted the working hours and content to protect the safety and health of employees in special environments.

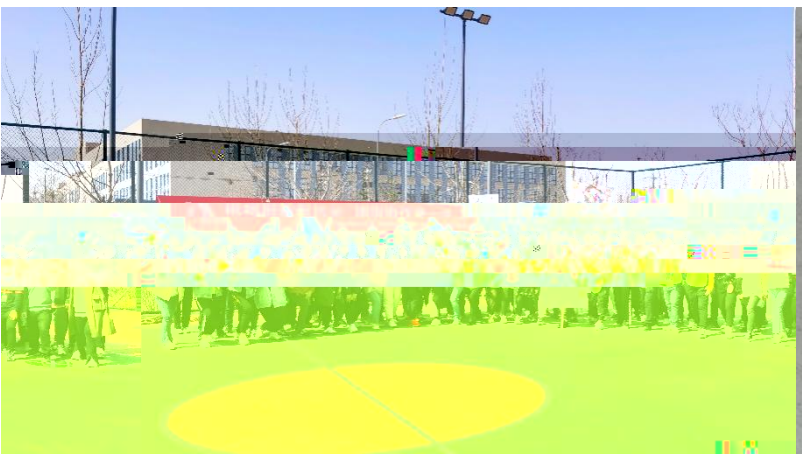
Prevention and control of occupational diseases

The Company fully implemented the , focused on occupational health and safety supervision of employees and prevention and control of occupational disease, and continuously improved construction working conditions and prevented, controlled and eliminated occupational disease hazards. The Company gave occupational health care medical check-ups to employees engaged in work with occupational hazards before starting work, during work and before leaving work, and the results were all entered into the staff files timely and accurately. The Company timely followed up and reviewed the historically diagnosed occupational cases, and promptly organized patients who require hospitalization after the treatment in specialist hospitals, relieving employees of their worries. For employees in special jobs, a health care allowance and recuperation system was in place as required, and the incidence of occupational diseases among employees has been consistently reduced.

Psychological Health

The Company incorporated mental health management into routine management, paid attention to the psychological changes of employees, took the initiative to grasp the psychological state of different employees in different periods, correctly allocated and transformed manpower to help employees to solve the physical and mental pressure caused by the fierce market competition and relieve their anxiety and promote their mental health.

The Company reduced or eliminated factors that lead to occupational mental health problems and established a positive and healthy work environment. It improved the physical environment at work on the one hand; and improved the soft environment at work through organizational changes, leadership training, team building, job rotation and employee career planning on the other hand.

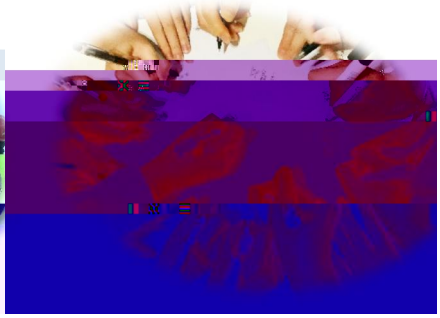




Institutional guarantee: The Company has established the Lecturer system and the staff tutorial system, honoured good students and good teachers on a regular basis, and encouraged staff to attend the accreditation of professional qualifications and senior and mid-level professional titles. Employees could enjoy benefits like paid leave and reimbursement of accreditation costs during preparation. Employees who were active to learn and good at learning were preferred candidates for promotion and were rewarded.

Digital Learning	Employees could carry out outward training, theoretical training and practice drills in flexible and multiple ways such as E-learning, Live Streaming and offline case sharing and discussions.
Professional Teachers	The Company has established a strategic partnership with associations of experts in the waterproofing industry and higher education institutions and invited experts and prominent teachers to give lectures regularly. Meanwhile, the Company has established an internal system of lecturer training and accreditation so that abundant good teachers were pooled.
Customized Courses	The Company provided targeted training from various perspectives based on the position sequence, ranks and different professional positions.





Career Planning and Development

In 2022, the Company introduced professional consultancy institutions, established and optimized the qualification system based on the Company's development strategy. A total of 26 subsequence in five classifications were set as guidelines for staff's professional development vertically, comprehensive development horizontally, professional routes and management of different career paths.

According to the evaluation method in the professional behaviour evaluation system combining the qualification standard, the professional development plan and the competence model, employees were encouraged to do job rotation and get promotion through normal development, internal competition, or accelerated promotion.

The Company strengthened performance feedback and improvement by having face-to-face conversations with staff each quarter and taking talent cultivation as part of the department manager's main responsibilities. The Company also introduced a series of testing and evaluation tools to carry out evaluations based on subsequence, and positions to promote professional development with the help of 360 Degrees Evaluation and other off-line evaluation tools.

The business sequence, whose professional development path used to be management, now has a multichannel development mechanism aside from management so that different kinds of talents are provided with development paths.

(II) Development with Craftsmen and Workers

Oriental Yuhong, as the leading unit of the China National Building Waterproof Association, enthusiastically puts forward ideas and recommendations for the progress of the industry, and collaborates with a vast community of craftsmen and workers to achieve growth. In August 2018, the official launch of the Oriental Yuhong Labour Platform “Yuhong Craftsman” platform APP. The platform serves construction teams and craftsmen as the main service body, running through the collection, sorting, transmission, processing, application, and service process. It includes project resource integration, labour accident insurance information management, real-name registration of worker roles, recruitment function to expand worker resources, real-name face recognition positioning attendance, provincial unit-based online localization function of labour teams, hierarchical management of construction teams, construction service evaluation mechanism, etc.



In 2022, Oriental Yuhong focuses on informatization, adheres to a rigorous engineering management system, effectively protects the legitimate rights and interests of front-line construction personnel, and further improves the efficiency of project quality and safety management. In 2022, the “Yuhong Craftsman” APP further deepened the application and implementation of measures such as “Yuhong Labour Weekly Salary System”, insurance “visualization”, training “full coverage”, and quality positive cycle, contributing to the sustainable and healthy development of the industry.

1. The platform’s motto of “More People, More Jobs” is embodied in its free registration and release system, which covers all types of projects, regardless of size.

2. Safe and Real: The platform enables users to view personnel resumes and evaluations while keeping real-name authentication information confidential. It employs virtual numbers and online communication methods, supports single sign-on, and prioritizes user privacy and security.

3. Management Empowerment: The platform employs facial recognition and location-based check-in to monitor attendance of project construction personnel, and maintains detailed records of personnel information, construction logs, and process data to aid management staff in work recording and accounting.

4. Convenient Insurance: The platform offers comprehensive insurance products for workers of different types, with flexible options for single-day investment, settlement, and one-click start-stop. The insurance claim process is simplified through visualization.

5. Secure Settlement: The platform provides online payment options, transparent settlement fees, and a traceable settlement progress.

Over 5,400
construction teams

Over 270,000
long-term cooperative workers

Over 20,000
daily average workers on-site

Over 10,000
daily active users on the platform

As of March 2023, the relevant data of the Yuhong Craftsman Labour Service Platform are as follows:



(III) Warm-hearted Actions for a Caring Society

Oriental Yuhong has always adhered to the guiding principle of “serving the country by developing industry, benefiting the people with good services,” fulfilling corporate social responsibility, and collaborating with subsidiaries. Through activities such as assisting vulnerable groups, supporting education, and improving living environments, the Company has consolidated poverty alleviation efforts, contributed to the development of education, served people’s living environment, and dedicated itself to society with genuine actions.

Village-enterpris "nnïïrd ppp pr

On 10 February 2022, in the “No.10 Work Studio - the Bridge between the Party and the Masses” activity in Huadu District, Guangzhou City, Guangdong Oriental Yuhong Waterproof Engineering Co., Ltd. actively helped people deal with their problems and donated RMB115,000 for medical expenses to aunt Li in Liantang village, fulfilling the corporate value of “the true, the good, and the

ceramic tile adhesive, waterproof coatings, and grout. They actively promoted the application of green building materials, contributed to the construction of beautiful villages, and were awarded the title of “Participating Enterprise in the National Green Building Materials Going to the Countryside Event (Hunan Station).”

Focusing on Education

(1) Encouraging Students with Scholarships



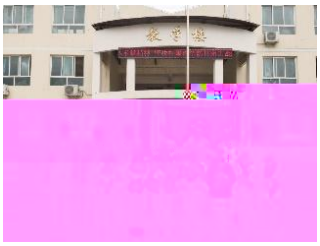
On 12 August 2022, Tiandingfeng attended the “Caring for Education” donation ceremony at the Education Bureau of the West Dongting Management District in Changde City, donating the second instalment of scholarships to Hunan Changde West Dongting No. 1 Middle School and Central Kindergarten. On August 26, they donated the eleventh instalment of the “Tiandingfeng Scholarship” to Shandong Linyi County No. 1 Middle School, an act of charity that has persisted for 11 years.

Following the signing of the university-enterprise cooperation agreement with Shanghai Normal University and a RMB 100,000 donation in 2021, DAW donated another RMB 100,000 to the Shanghai Normal University Education Development Foundation in July 2022. DAW will continue to promote the cultivation of future talents with its corporate strength, achieving a win-win situation for students, schools, and enterprises.



In September 2022, the unveiling ceremony of the Gold Machilus Film & Jiangnan University Advanced Membrane Packaging Materials Design and Manufacturing Joint Laboratory was held at Jiangnan University. The two parties will jointly promote the application and development of advanced membrane materials in the packaging field through the joint laboratory, and awarded the “Gold Machilus Film Scholarship” to outstanding students in the Packaging Engineering Department of the School of Mechanical Engineering.

(2) Donations and Care for the Growth of Adolescents



On 24 January 2022, Oriental Yuhong in Yueyang actively participated in the local Yunxi District Committee’s New Year’s consolation event for disadvantaged adolescents. The company prepared donations and provided care for more than 30 youths facing challenging circumstances.

On 31 May 2022, Xianyang Oriental Yuhong Construction Materials Co., Ltd. visited Lixian County Nafang Town Central Primary School in Xianyang City, Shaanxi Province. The company donated stationery and extended Children’s Day blessings to all students, creating a festive atmosphere and inspiring the students to persevere and strive for progress.

Improving Living Environments

(1) Community Outreach and Anti-Leakage Activities

In May 2022, Jingzhou Oriental Yuhong Building Renovation Engineering Company provided free house renovations for elderly individuals living alone in the Jingxiang River community, helping them address their concerns in life.

As an embodiment of the Company’s commitment to social responsibÑe

Closing Remarks

Mountains Ascend through Accumulation, and Rivers Magnify by Merging.

The journey is interminable and never-ending. During this crucial phase of China's national revitalization, the obstacles to achieving advancements in core technologies, sustainable development, and societal transformation, as well as striving for an improved quality of life for all, are more formidable than ever. This necessitates us to have the courage to ride the waves and confront adversity with bravery, exhibiting the perseverance of "withstanding a thousand tests and hardships, yet remaining unyielding," to accomplish noteworthy accomplishments befitting our era and carry out our duties with honour.

Oriental Yuhong attributes all its business success and progress to the era, the motherland, generous support of customers, and concern and care for society. Gratitude and empathy are the basic characteristics of its corporate culture and the principle of CSRs of Oriental Yuhong.

--Li Weiguo, Chairman of Oriental Yuhong

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