Stock Code: 002271 Stock Name: Oriental Yuhong Announcement No. 2026-031

BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD. ANNUAL REPORT 2025 (SUMMARY)

Part I Important Notes

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

All but the following director(s) were present in person at the meeting of the Board of Directors to consider and approve this Annual Report.

Names of director(s) who were not present in person	Positions of director(s) who were not present in person	Reason for not being present in person	Names of the authorized personnel
Li Weiguo	Chairman	Health reasons	Xu Limin

Independent auditor's modified opinion:
☐ Applicable ☑ Not applicable
Board-approved final dividend and/or bonus issue plan for the Reporting Period:
☐ Applicable ☑ Not applicable
The Company has no final dividend plan, either in the form of cash or stock. Taking into account the Company's operating results for fiscal year 2025 and its strategic development plans including its international expansion, and given that the Company has already completed the interim profit distribution for the first half of 2025 and the cancellation of repurchased shares, the Company proposes no profit distribution and no conversion of capital reserves into share capital for fiscal year 2025. Undistributed profits will be carried forward to subsequent years. The profit distribution plan for fiscal year 2025 will be submitted to the Shareholders' Meeting for approval.
Board-approved final dividend plan for preference shareholders for the Reporting Period:
☐ Applicable ☑ Not applicable

Part II Company Overview

1. Company Profile

Stock name	Oriental Yuhong	Stock code	002271
Stock exchange for listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Zhang Bei		
Office address	Courtyard 19, 9th Kechuang Street, Beijing Economic-technological Development Area, E-town, Beijing		
Fax	None		
Tel.	010-59031997		
E-mail address	stocks@yuhong.com.cn		

2. Principal Operations or Products in the Reporting Period
(I) The Company's Principal Operations
In pursuit of high-quality and solid development, the Company is a construction materials system service provider that concentrates on waterproofing as the core business, as well as extends to civil construction materials, mortar and powder, building coating materials, energy-saving and heat preservation materials, adhesives, tube materials, building renovation, new energy, non-woven fabric, specialized film, emulsion, etc.
The Company provides quality products and professional system services for buildings, high-speed railways, metro and urban railways, highways & urban roads and bridges, airports, water conservancy facilities, utility tunnels, etc. Its products have been used in landmarks such as the Chairman Mao Memorial Hall, the Great Hall of the People, the Bird's Nest, the CITIC Tower, the Beijing Daxing International Airport, the Hong Kong-Zhuhai-Macao Bridge, the Beijing-Shanghai high-speed railway, the Beijing sub-centre utility tunnels, Beijing South-to-North Water Diversion supporting works, Indonesia's Jakarta - Bandung High-Speed Railway, Indonesia's Nimanga Hydropower Station project, the Singapore Metro, Pakistan's Karachi Nuclear Power Plant project, and the Forest City project in Malaysia. It provides high-quality system solutions for tens of thousands of major infrastructure projects, as well as industrial, residential and commercial buildings and constructions worldwide. The Company sees "for the motherland, for the society, for customers, for employees and shareholders" as its corporate tenet, "serving the country by developing industry, benefiting the people with good services" as its guideline, and "building a durable and safe environment for human beings and the society" as its corporate vision. In addition to the core business of building waterproofing, the Company is also engaged in civil construction materials, mortar and powder materials, architectural coatings, energy-saving and thermal insulation, adhesives, piping systems, building renovation, new energy, non-woven fabrics, specialty films, and emulsions. Its brand and business portfolio includes: ORIENTAL YUHONG (waterproofing), FASION (waterproofing), Yuhong Waterproof (civil construction materials), Yuhong (C-end service platform), Yuhong Adhesive (adhesives), Yuhong Pipe (piping systems), VASA (specialty mortar), BiAn (architectural powder materials), CAPAROL DAW (architectural coatings), Alpina (architectural coatings), HAMGAR Coating (industrial coatings), Wonewsun (energy-saving and thermal insulation), Fudatec (energy-saving and thermal insulation), Oriental Yuhong Building Renovation (building renovation), TDF (non-woven fabrics), Golden Wrapping (specialty films), Hongshi (fine and specialty chemicals), Zhong Ke Jian Tong (ground improvement and engineering repair), Yuhong Vocational School (vocational skills training), Ningxia Architectural Design and Research Institute, OYH (international construction materials), YUHONG (waterproofing), HONEDS (hardware tools), FIIYO (hardware floor drains), Man Cheong (building materials and hardware retail), Specialist Products (direct sales of building materials), and CONSTRUMART (Chile building materials supermarket).
1. Retail Business: The Company makes vigorous efforts for the retail business. The C-end retail business, represented by Civil Construction Materials Group, the architectural coating retail division, and Building Renovation Group's Yuhong Home Service, focuses on serving the general consumer market for home improvement, major renovations, and repairs. The Company has taken steady steps and continued to strengthen this sector by enhancing product quality, reinforcing its brand, upgrading services, expanding product categories, and broadening sales channels to improve user experience and boost core competitiveness. In 2025, the Company's retail business generated revenue of RMB9.944 billion, accounting for 36.06% of total revenue.
(1) Civil Construction Materials Group
During the Reporting Period, the Civil Construction Materials Group upheld a user-centric philosophy, staying attuned to industry trends and consumer needs. Anchored by the "Yuhong" service upgrade initiative, the Group built an omni-channel marketing ecosystem integrating online and offline touchpoints to provide consumers with one-stop renovation and repair system solutions. Product development remained focused on the dual core businesses of waterproofing and mortar, driving category innovation and premiumization, refining the whole-home joint beautification system and pipe fittings, and accelerating the buildout of new categories such as latex paint and hardware to address the diverse needs of consumers. In 2025, the Civil Construction Materials Group generated revenue of RMB9.126 billion, accounting for 33.09% of total revenue.
1) Brand development: The Group continued to strengthen brand momentum, with the "Yuhong" service brand upgrade as its primary development strategy. Online efforts deepened the social media ecosystem, while offline efforts expanded omni-channel touchpoints, achieving dual improvement in brand awareness and business conversion. On the digital front, the Group increased investment in social media platforms in response to consumer search behavior, building an IP matrix through the "Three Yuhong" initiative and leveraging search advertising, brand zones, and local placements to capture targeted traffic, while advancing brand livestreaming and local group-buying to capture consumer mindshare and drive business growth. On the offline front, building on key placements such as high-speed rail and landmark advertising, the Company continuously expanded outdoor storefront coverage, with the first supermarket store, community store, and headquarters-operated flagship store opening nationwide, deepening the binding of consumer pain points in lower-tier markets. On the channel front, the Company vigorously developed its brand social media matrix, empowering partners to embrace new media through dealer livestreaming and township market promotion events such as "Explore the Townships", enhancing partners' ability to convert business. By building an omni-channel marketing ecosystem integrating online, offline, and channel resources, the Company established a high-frequency interaction mechanism among the brand, partners, and consumers, reinforcing brand mindshare among target consumer segments.
2) Channel development: The Group continued to advance channel penetration into lower-tier markets through refined category positioning and strengthened terminal coverage, building a more robust and efficient distribution network. Leveraging digital tools and systematic specialized training, the Group continuously improved partners' operational capabilities and efficiency, facilitating their transition and upgrade toward professionalism and corporate management. At the same time, the Group continued to consolidate its traditional channel advantages, optimizing product circulation management, strengthening integrated online-offline terminal control, and comprehensively elevating service standards and operational responsiveness. In addition, the Group deepened resource integration and collaborative partnerships with home decoration companies, driving ecosystem synergy and building a channel ecosystem based on mutual benefit, co-creation, and shared growth.
Regarding specialty store channels, the Group continued to improve the operational quality of civil construction materials specialty stores. Management was refined across five dimensions: store format upgrade, category expansion, shopping guide empowerment, membership operations, and system support, strengthening brand image and retail capabilities. In terms of store format upgrade and efficiency improvement, the Group continued to advance classified management of store formats, supported store image upgrades to enhance brand visibility and consumer experience, and integrated the Yuhong service system, transitioning stores from product sales to full-service provision. In terms of products, the Group maintained a commitment to category expansion and innovation, enriching store product lines to meet the diverse needs of consumers. In terms of shopping guide capabilities, the Group expanded online sales channels, conducting consumer-oriented product livestreaming, while also operating Amap merchant accounts to provide consumers with an official means of accurately and promptly locating Yuhong specialty stores, exploring new retail models that integrate online and offline channels across multiple platforms.
Regarding e-commerce channels, the Group built a full-domain marketing and sales matrix to precisely reach target markets and strengthen the Company's digital brand presence. By optimizing product operations based on user needs to improve conversion and coverage, coordinating efficiently with the supply chain, and connecting online traffic generation with offline service fulfillment, the Group supported continued brand value enhancement and steady performance growth.
3) Membership operation: The Group continued to deepen its membership operations system centered on the "Honggehui" platform, enriching the forms of terminal promotional activities on the Honggehui platform and vigorously promoting member livestreaming through events such as the "9th-Day Member Day" livestream, "Hong Ge You Yue" livestream, and HONEDS tools online discount livestream, directly reaching members and effectively improving member engagement and retention. The member mall added a hardware tools category to optimize the member shopping experience. The Group also launched a micro and small partner entrepreneurship support program, establishing a "core member hometown entrepreneurship platform" to actively support capable members in returning to their hometowns in township areas to develop business, enhancing member loyalty and a sense of belonging, and promoting channel penetration into lower-tier and underserved markets.
4) Product development: With a focus on the dual core businesses of waterproofing and mortar, the Group accelerated the development of new product categories and expanded into the fast-installation repair segment and lower-tier township markets. Products continued to be innovated along dimensions of high performance, extended service life, and fast-drying and rapid installation, consistently addressing consumer pain points and improving user experience. Innovations included a series of differentiated products targeting C-end consumers: single-coat thick-application, fast-drying, exposed-surface compatible, trafficable, lightweight acoustic insulation, intelligent color-mixing, formaldehyde-purifying, children's safety-certified, move-in-ready, and enhanced mold-resistant products. The Group also advanced the buildout of new categories including latex paint, kitchen and bathroom hardware, and base and auxiliary materials, as well as the penetration of texture coating product lines into lower-tier markets such as townships, accelerating full-category expansion to provide users with comprehensive one-stop renovation and repair system solutions.
(2) C-end service platform
During the Reporting Period, the Company officially launched its C-end professional service brand — "Yuhong". Built on the core values of professionalism, efficiency, reliability, and comprehensiveness, the Yuhong service offering encompasses a one-stop service system covering 6 major business segments and 13 service scenarios. In active response to the national call to build quality homes that satisfy consumers, Yuhong Service launched a series of themed marketing campaigns under the banner "Serving the People, Zero Tolerance for Leakage", dedicated to providing consumers with comprehensive delivery solutions, rapid response mechanisms, professional on-site services, and dependable after-sales support. During the Reporting Period, the platform cumulatively served 120,000 households.
Leveraging the Company's brand influence, professional technical expertise, and continuously improving service capabilities, Yuhong Service has solidified its core competitive advantages. On one hand, it draws on the Company's well-established standardized construction system and conducts personnel training through a combination of online and offline methods. On the other hand, it delivers scenario-based services through a four-dimensional linkage of products, stores, offline, and online channels, while continuously refining its end-to-end standardized service protocols. Yuhong Service remains committed to providing consumers with a robust home protection solution through professional expertise and rapid responsiveness, empowering partners and responding to the national call with concrete action to create safe, healthy, and environmentally responsible quality living environments for millions of families.
(3) Retail of architectural coatings
During the Reporting Period, the architectural coatings business — including its retail segment — was fully consolidated into the former Mortar and Powder Technology Group, leveraging supply chain synergies to drive cost reduction and efficiency improvement. Through process integration and coordinated market expansion, and building on the Company's established brand and channel advantages in the domestic wall auxiliary materials market, the Group adopted a strategy of using powder materials to drive coatings sales, further releasing the potential for synergistic development.
During the Reporting Period, the architectural coating retail business continued to improve in terms of branding and market expansion. By precisely positioning the two major brands "Caparol DAW" and "Alpina", "Caparol DAW" emphasised its core value of "functional coatings from Germany", showcasing its century-old quality, German craftsmanship, and environmental innovation. "Alpina", with the concept of "Wall Care Is like Skin Care", commits to protecting what you love, see, dare, and imagine, epitomising German quality, redefining brand perception, and conveying meticulous care for the home environment. Together, the two brands have built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and basic auxiliary materials, achieving product performance upgrades and enhanced environmental standards, while offering differentiated choices through category expansion and service optimization.
During the Reporting Period, the architectural coating retail business concentrated on the primary products of coatings, closely aligning with market demands, continuously optimising product structure, and strengthening the rational layout of product lines to ensure precise alignment with consumer needs. By deepening the front-end differentiation and back-end synergy of the "Caparol DAW" and "Alpina" brands, the Company further expanded brand coverage and enhanced brand influence. In terms of channel development, the business team not only strengthened channel management but also actively explored channel penetration into lower-tier markets and diversified development pathways, enabling resource sharing and complementarity across channels, effectively broadening sales channels and improving market penetration. In membership operations, the Company built member customer profiles to precisely target key customer groups and adopted diverse marketing strategies to enhance member loyalty. Additionally, it strengthened interaction with offline exclusive stores, creating a highly interactive, quality-enhancing, and profit-boosting customer ecosystem, injecting strong momentum into the long-term development of the business.
2. Engineering business: During the Reporting Period, the Company deepened the channel transformation. It upgraded its channel policy, empowered channel development, explored channels in lower-tier markets, and built channel leadership. The integrated operation companies in all regions have deeply focused on local markets and specialized regional operations, fully integrated local customer and market channel resources, enhanced market coverage and penetration by developing and empowering various partners, and continuously eliminated blank and weak markets to increase market share. During the Reporting Period, the Company spared no effort in developing partners and continued to empower partners. Additionally, it summarized and promoted the successful experience of "partner mechanism" in the field of engineering channel continuously. The partner mechanism has been upgraded in an all-round manner. Relying on the comprehensive advantages of products, service, brands and resources, it developed partners who agree with the Company's culture and operational philosophy. At the same time, it increased the support for partners by improving market and credit management, as well as by cultivating partners' capabilities of operation and management, business expansion, and engineering services. Through the synergistic development of diversified businesses, as well as continuously enriching product categories, strengthening product quality, optimizing the product structure, upgrading product strategies and other ways, the Company continuously improved the product power and system service capacity, and continued to expand the scope of application in the field of construction materials, so as to drive growth in the engineering business. It further consolidated and developed the strategic cooperation with large quality business groups, and actively expanded and extended customer resources from depth and breadth. In diverse application fields and business scopes such as infrastructure construction, urban emerging infrastructure, industrial and mine warehousing and logistics, affordable housing, urban village transformation and urban renewal, it increased sales and promotion efforts. Besides, it upgraded the means of market management and control, and constantly improved market order by reinforcing means of internal sales control and product tracing.
3. Mortar and powder business: During the Reporting Period, the Company integrated the former Mortar and Powder Technology Group with Caparol (China) Ltd. and other business units to establish the Coatings, Mortar and Powder Technology Group. The new group encompasses organizational structures including the DAW division, the Vasa division, the sand, stone and powder division, the mining division, and the supply chain management center. Through deep resource integration and efficient ecosystem synergy, the Group consolidates the full industry chain elements spanning mineral resources, coatings, and auxiliary materials to provide customers with one-stop supply solutions, continuously expanding business coverage and market penetration.
The mortar and powder business has continued to integrate and build a professional lean production system, driving the realization of industry category value chains. Leveraging R&D and application technology teams based in Beijing, Shanghai, and Guangzhou as core hubs, and building on a diversified channel network, the business has continuously reinforced the core competitive advantages of its specialty mortar system products while aggressively expanding into multiple product areas including calcium-based powder new materials, general mortar, sand and gravel aggregates, and related products, steadily increasing market share in the mortar and powder sector and enhancing brand influence. While maintaining the tile laying system and wall coating system as the core pillars of the business and solidifying its fundamental base, the mortar and powder business has rapidly advanced the implementation of its strategy of "expand product categories, extend channels, strengthen services, and share profits". New products launched include lightweight tile adhesive, anti-crack mortar series, waterproof mortar series, worry-free flooring systems and their complementary products. The business has also explored R&D and application of new technologies such as shield tunneling support mortar, soil solidification technology, and stability research on tile laying systems, in order to meet the diverse needs of customers across different application scenarios.
The Coatings, Mortar and Powder Technology Group leverages the Company's powerful supply chain integration capabilities, with "cost, quality, and new product incubation" as its core priorities. The Group continuously enriches its product portfolio, advances product value chain and supply chain execution, builds new product core competitiveness by assembling specialized teams, focuses on developing professional clients, and effectively drives new product sales growth. At the same time, by strategically positioning production and supply bases, the Group achieves agile responsiveness and service delivery, reduces overall logistics costs, and continuously creates greater value for customers.
4. Overseas business. During the Reporting Period, the Company strengthened international exchange and cooperation, continuously refined its overseas organizational management system, and enhanced its international supply chain layout and channel development.
The Company has established overseas subsidiaries or offices in multiple countries, building and improving the regional personnel allocation and organizational structure overseas, consolidating the marketing and organizational capabilities of the overseas market teams, and actively constructing a global business network to lay a solid foundation for localizing overseas business operations.
The Company advanced the development of overseas production bases, establishing the framework for a global supply chain system. As of the date of this report, the construction of Oriental Yuhong's Houston production, R&D, and logistics base is progressing steadily; Phase I primarily involves the construction of a TPO waterproof membrane production line and a North America R&D center. TDF's Saudi Arabia production base has successfully brought four polyester base fabric production lines into operation, enhancing the Company's capacity for rapid international response and stable supply in the non-woven fabrics segment, with more competitive manufacturing costs that will further attract global customers and resources. TDF's Canada production, R&D, and logistics base has officially broken ground; the project is jointly invested and developed by TDF and its partners, with the aim of further optimizing the Company's international industrial footprint and enhancing its end-to-end service capabilities in the North American and European markets. Oriental Yuhong's Mexico production, R&D, and logistics base has officially commenced construction; Phase I primarily involves the construction of mortar and powder and water-based coatings production lines along with supporting warehousing and logistics facilities, which upon commencement of operations will enhance local supply capabilities and improve delivery efficiency. Oriental Yuhong's Malaysia production, R&D, and logistics base has successfully brought its production lines into operation; the facility is equipped with multiple advanced production lines covering products such as mortar and water-based coatings, incorporating advanced production technologies and intelligent manufacturing equipment, with products primarily serving the Singapore and Malaysia markets.
On the overseas M&A front, the Company's wholly-owned subsidiary Hong Kong Oriental Yuhong Investment Company Limited separately acquired 100% equity interests in Man Cheong Metals and Building Materials Company Limited, a Hong Kong building materials retail enterprise, and Specialist Products Limited, a Hong Kong professional building materials direct sales company. By integrating and leveraging the channel advantages, service capabilities, product categories, and other quality resources of both companies, as well as their deep-rooted presence in the Hong Kong market, the Company intends to use Hong Kong as a springboard to progressively expand its business into Southeast Asia and globally. The Company's wholly-owned subsidiaries OYH Overseas Development Group Co., Ltd. and OYH International Trade (Shanghai) Co., Ltd. acquired 100% equity interest in the Chilean building materials supermarket company Construmart S.A., with the aim of continuously exploring and establishing international building materials retail channels, enhancing the Company's international sales capabilities, global influence, and brand recognition. The Company's wholly-owned subsidiary OYH Brazil Ltd. (OYH BRAZIL LTDA.) acquired a 60% equity interest in Novakem Indústria Química Ltda., a Brazilian supplier of cement admixtures and concrete additives, fully leveraging its comprehensive advantages in the admixture product segment to support the Company in establishing a foothold in Brazil and expanding across the Latin American market, further refining its overseas business footprint. The Company's wholly-owned subsidiary Hong Kong Oriental Yuhong Investment Company Limited acquired The Universal Hardware & Plastic Factory Limited, a Hong Kong plastic piping system supplier, integrating manufacturing supply chain advantages, innovative R&D capabilities, and marketing systems through deep resource integration with The Universal Hardware & Plastic Factory Limited to further enhance the Company's overall competitiveness in international markets.
The Company also actively engaged in international business exchange and cooperation: it hosted the Oriental Yuhong Malaysia New Product Launch and successfully opened Oriental Yuhong's first comprehensive waterproofing specialty store in Malaysia; it partnered with Indonesia's Ministry of Trade to jointly develop local industry standards and capability frameworks, and reached a strategic cooperation agreement with Pelindo, Indonesia's state-owned port and shipping conglomerate, to jointly advance localized production and supply chain development; Oriental Yuhong Indonesia signed a strategic cooperation agreement with the Indonesian Village Officials Association (PPDI) to support PPDI's national rural renovation program, providing Oriental Yuhong's technical standards, product systems, and related services for rural housing renovation projects; OYH Overseas Development Group signed a strategic cooperation agreement with AKSID INDUSTRIES LTD, a prominent Bangladeshi construction enterprise, under which both parties will engage in deep collaboration in the construction materials sector to jointly develop Bangladesh's diversified markets including infrastructure, commercial and residential buildings, and industrial facilities; OYH Overseas Development Group signed a strategic cooperation agreement with BICHUMI GLASS CO., LTD., a leading Korean glass construction materials company, under which both parties will focus on the quality demands of the high-end Korean construction market to jointly develop and provide an integrated "glass + sealant" system solution; the Company, together with multiple business segments, participated in a series of major international trade events, including the International Roofing Expo (IRE) in the United States, Big 5 Construct Saudi 2025, CHINAPLAS 2025, the 137th China Import and Export Fair (Canton Fair), the São Paulo International Building Materials Exhibition in Brazil, the 8th Vietnam Waterproofing Festival, the 2025 China International Coatings Exhibition, the 2025 China International Roofing and Building Waterproofing Technology Exhibition, and the 23rd Vietnam International Building Materials Exhibition.
(II) Sales Models
Based on different product uses and users, the Company has established, taking into account the characteristics of the existing markets and future market expansion directions in particular, a multi-layer marketing channel network integrating direct marketing and channel of dealers for product marketing and provision of system services:
Under direct marketing, the Company directly develops, sells products to and serves the final product users and customers. It has entered into strategic cooperation agreements or long-term supply agreements with many large quality business groups. Meanwhile, it has enhanced customers' confidence by coming into direct contact with them in professional market segments such as industrial constructions, energy construction, railway, highway, rail transit, tunnels and underground projects, projects that concern people's livelihood, among other things. Additionally, it has established a long-term and stable partnership in terms of material supply and system services. Direct marketing has provided substantial assurance for increasing the Company's visibility in the industry. Under the channel of dealers, the Company directly develops, sells products to and serves the final product users and customers via channel partners such as dealers. There are engineering dealers and retail dealers. The Company has signed contracts with large numbers of dealers, and created a dealer network system that has a reasonable layout and controllable risk and is economical, efficient and vibrant. Through constantly reinforcing systematic training and services for dealers, the dealer network has gradually developed into an essential sales channel for the Company to tap into the nationwide market. Presently, the Company has formed a multi-dimensional engineering marketing network combining direct marketing and channel of engineering dealers, as well as a marketing network for civil building materials centred on the channel of retail dealers.
1. The engineering market is handled by the integrated companies in various provinces under the Engineering Building Materials Group, the Strategic Centralized Procurement Division, and the specialized companies and business divisions focused on professional market segments, such as railway, highway, rail transit, industrial construction, energy construction, and underground projects. Specifically, the companies of integrated operation in each region are responsible for sales and services of the Company's products in the local engineering markets. Through concentrating on local markets, special operation of regions, channel sinking, as well as developing and empowering various partners, they have enhanced local market coverage and penetration, improving local market share. Meanwhile, all sales channels and business lines worked together to drive up local market share. In the meantime, by actively leveraging the synergy between customer resources and sales channels accumulated based on the main business of waterproofing, the Company developed mortar and powder, building coating materials, piping systems, anti-corrosion materials, and other businesses, providing complete building material solution packages for customers. The Strategic Centralized Procurement Division focuses on serving large strategic cooperation customers by entering into strategic cooperation agreements or long-term supply agreements to actively enhance the depth of cooperation and business collaboration areas with centralized procurement customers.
2. The retail channel dealers are managed by the Company's subsidiary Civil Construction Materials Group, the C-end service platform, the building coating materials retail division. An all-in-one composite marketing network covering dealers of home decoration companies, construction material supermarkets, construction material markets, operation centres, and community service stations as well as e-commerce platforms has been established to serve the general consumer home decoration and renovation markets.
3. Key Financial Information
(1) Key Financial Information of the Past Three Years
Indicate by tick mark whether there is any retrospectively restated datum in the table below.
☐ Yes ☑ No

Unit: RMB

	December 31, 2025	December 31,2024	Change of December 31, 2025 over December 31, 2024 (%)	December 31, 2023
Total assets	41,743,678,666.63	44,715,448,811.80	-6.65%	51,173,993,594.77
Equity attributable to the listed company's shareholders	20,134,510,617.56	24,934,259,584.77	-19.25%	28,374,014,507.51
	2025	2024	2025-over-2024 change (%)	2023
Operating revenue	27,578,652,775.30	28,055,609,124.88	-1.70%	32,822,528,108.42
Net profit attributable to the listed company's shareholders	113,267,071.15	108,173,220.94	4.71%	2,273,331,266.86
Net profit attributable to the listed company's shareholders before exceptional gains and losses	235,796,981.33	123,619,631.71	90.74%	1,840,724,194.02
Net cash generated from/used in operating activities	3,554,185,742.99	3,457,444,253.01	2.80%	2,103,197,639.61
Basic earnings per share (RMB/share)	0.05	0.04	25.00%3	0.91
Diluted earnings per share (RMB/share)	0.05	0.04	25.00%	0.9
Weighted average return on equity (%)	0.50%	0.41%	0.09%	8.24%

(2) Key Financial Information by Quarter

Unit: RMB

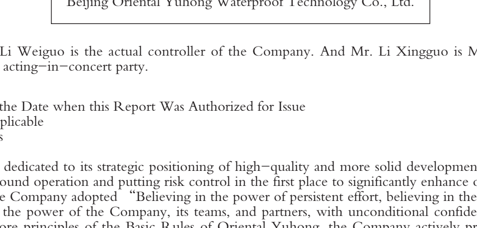
	Q1	Q2	Q3	Q4
Operating income	5,954,973,095.50	7,614,048,424.68	7,031,624,348.98	6,978,006,906.14
Net profit attributable to the listed company's shareholders	192,365,878.40	372,072,532.51	245,238,444.48	-696,409,784.24
Net profit attributable to the listed company's shareholders before exceptional gains and losses	171,659,056.81	335,486,426.49	261,958,476.11	-533,306,978.08
Net cash generated from/used in operating activities	-812,784,159.95	416,874,313.35	812,222,105.22	3,137,873,484.37

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.
☐ Yes ☑ No
4. Share Capital and Shareholder Information at the Period-End
(1) Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	141,339	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	133,234	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Top 10 shareholders (exclusive of shares lent in refinancing)							
Name of shareholder	Shareholder type	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen		
					Status	Shares	
Li Weiguo	Domestic natural person	20.28%	484,474,150	398,102,165	In pledge	212,302,198	
Hong Kong Securities Clearing Company Limited	Overseas legal entity	15.39%	367,689,421	0.00	N/A	0	
Xu Limin	Domestic natural person	3.03%	72,269,250	54,201,937	N/A	0	
DCP Management, Ltd. - DCP USD Fund II	Overseas legal entity	1.92%	45,969,375	0.00	N/A	0	
Kuwait Investment Authority	Overseas legal entity	1.54%	36,886,115	0.00	N/A	0	
Agricultural Bank of China Limited - CSI 500 Exchange Traded Fund (ETF)	Other	1.18%	28,231,065	0.00	N/A	0	
China Merchants Bank Co., Ltd. - ICBC Credit Suisse Asset Management Value Select Mixed Securities Investment Fund	Other	1.07%	25,474,417	0.00	N/A	0	
National Social Security Fund Portfolio 403	Other	0.97%	23,214,887	0.00	N/A	0	
Industrial and Commercial Bank of China Limited - Fullgoal Research Select Flexible Allocation Mixed Securities Investment Fund	Other	0.96%	22,961,169	0.00	N/A	0	
Xiang Jinming	Domestic natural person	0.93%	22,169,323	16,626,992	In pledge	5,000,000	
Related or acting-in-concert parties among the shareholders above	It is unknown whether there is any related party or acting-in-concert party as defined in the Measures for the Administration of the Takeover of Listed Companies among the shareholders above.						
Shareholders involved in securities margin trading (if any)	N/A						

5% or greater shareholders, top 10 shareholders and top 10 unrestricted shareholders involved in refinancing shares lending:
☐ Applicable ☑ Not applicable
Changes in top 10 shareholders and top 10 unrestricted shareholders due to refinancing shares lending/return compared with the prior period:
☐ Applicable ☑ Not applicable
(2) Number of Preference Shareholders and Shareholdings of Top 10 of Them
☐ Applicable ☑ Not applicable
No preference shareholders in the Reporting Period.
(3) Ownership and Control Relations between the Actual Controller and the Company



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

5. Outstanding Bonds at the Date when this Report Was Authorized for Issue
☐ Applicable ☑ Not applicable

Part III Significant Events

(I) Overview
The Company remained dedicated to its strategic positioning of high-quality and more solid development, gave top priority to risk control, and insisted on sound operation and putting risk control in the first place to significantly enhance operational quality. During the Reporting Period, the Company adopted "Believing in the power of persistent effort, believing in the power of truth, goodness, and beauty, believing in the power of the Company, its teams, and partners, with unconditional confidence" as its guiding work theme. Guided by the core principles of the Basic Rules of Oriental Yuhong, the Company actively promoted business structure transformation and upgrading. Always being customer-oriented, the Company aims to accommodate various application scenarios and market changes. It has become a construction materials system service provider that focuses on building waterproofing and extends to diversified fields including civil construction materials, mortar and powder, architectural coatings, energy-saving and thermal insulation materials, adhesives, tubes, building renovation, new energy, non-woven fabrics, specialized films, and emulsions.
1. Focus on waterproofing and mortar & powder as dual core businesses, and continuously explore new growth curves
The Company focused on consolidating the waterproofing core business and actively expand into infrastructure construction in sectors such as transportation, water conservancy, energy, communication facilities, emerging urban infrastructure, industrial and mining warehousing logistics, public services such as science, education, culture, and health, as well as diversified application scenarios in affordable housing and civilian building materials. It strengthened efforts in the stock building market, developed businesses in old house renovation, urban village transformation, and urban renewal. It leveraged research and technological advantages to enrich product categories and upgrade the product system, promoted the development of new fields, new products, and new tracks, and strengthened the development of retail markets, non-housing markets, and lower-tier markets, further improving market share.
By fully leveraging the synergies of customer resources and sales channels accumulated through its core waterproofing business, as well as its strong brand influence, the Company rapidly developed its non-waterproofing businesses, providing customers with more comprehensive one-stop construction materials system solutions underpinned by high-quality products and professional system services. Drawing on the synergistic advantages of the nationwide channel network established through the core waterproofing business, the mortar and powder business has become the Company's second growth curve for sustainable future development, enabling the Company to realize the dual-core business model of waterproofing and mortar and powder.
The Company has strengthened the foundation, accelerated the layout of overseas business, developed overseas markets, and strengthened international research and development. The Company has also established overseas subsidiaries, promoted overseas investments and acquisitions, established overseas factories, built overseas supply chains, cultivated overseas talent, and expanded overseas channels as part of the international strategic layout. In addition, the Company has achieved diversified business models in overseas trade, engineering, retail, and other sectors, and the overseas business has achieved rapid growth, providing a third growth curve for the Company's future sustainable development, and helping the Company become a global provider of building materials and systems services.
2. Upgrading channel development and management systems, and deepening the cultivation of channel growth
During the Reporting Period, the Company continued to deepen its channel development strategy, upgraded its channel development and management systems, and actively implemented channel reforms to foster channel growth. In 2025, the Company generated combined revenue from engineering channels and retail channels of RMB23.224 billion, accounting for 84.21% of total revenue, with the proportion of channel sales revenue continuing to increase, having now become the Company's primary sales model. On one hand, the engineering channel continued to advance the "platform + creators" operational management model in depth, adhering to a partner-first philosophy, upgrading partner services, empowering partner development, and continuously cultivating partners' operational and management capabilities, business development capabilities, and construction service capabilities to enhance partners' ability to serve end customers and support their ongoing growth. On the other hand, the retail channel continued to deepen its penetration into lower-tier markets, enrich its channel matrix, upgrade the professional service capabilities of C-end service providers, maintain a commitment to channel intensive cultivation, and build an omni-channel retail operating model that integrates online and offline channels.
3. Retail first, strengthening the foundation of consumer building materials
The Company's retail business includes the Civil Construction Materials Group and C-end service platform, as well as the building coatings retail business segment. In 2025, the Company's retail business generated revenue of RMB9.944 billion, accounting for 36.06% of total revenue. During the Reporting period, the Civil Construction Materials Group upheld a user-centric philosophy, stayed attuned to industry trends, and developed a deep understanding of genuine consumer needs. It officially launched its C-end professional service brand — "Yuhong" — and, anchored by the "Yuhong" service upgrade initiative, built an omni-channel marketing ecosystem integrating online and offline touchpoints to provide consumers with one-stop renovation and repair system solutions. Product development remained focused on the dual core businesses of waterproofing and mortar, driving category innovation and premiumization, refining the whole-home joint beautification system and pipe fittings, and accelerating the buildout of new categories such as latex paint and hardware to address diverse consumer needs and create safe, healthy, and environmentally responsible quality living environments for millions of families. In 2025, the Civil Construction Materials Group generated revenue of RMB9.126 billion. During the Reporting Period, the architectural coatings business — including its retail segment — was fully consolidated into the former Mortar and Powder Technology Group, leveraging supply chain synergies, process integration, and coordinated market expansion, as well as the Company's established brand and channel advantages in the domestic wall auxiliary materials market, to use powder materials to drive coatings sales and further release the potential for synergistic development. The architectural coatings retail business focused on its core coating products and, using the dual-brand positioning of "Caparol DAW" and "Alpina" as its entry point. It built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and base materials, while exploring new ecosystems and profit growth points for the research and development, production, sales, and technical services of coatings retail business.
4. Overseas first, accelerating global expansion
During the Reporting Period, the Company further strengthened its overseas market research, improved its overseas organizational management system, and enhanced its international supply chain layout and channel development. On the one hand, it solidified the marketing and organizational capabilities of its overseas market teams, built and improved the regional personnel allocation and organizational structure overseas, and continuously developed a talent system with international competitive advantages to achieve independent operations and efficient services in key markets. On the other hand, the Company accelerated the buildout of its overseas supply chain and channel networks, actively constructing a global business network to lay a solid foundation for the localized operation of its overseas business: through the development of overseas production bases, the Company progressively initiated a global capacity footprint, adhering to a market-oriented and cost-leadership strategy to further strengthen local supply capabilities, improve product delivery efficiency, respond rapidly to international markets, and enhance global supply chain competitiveness; through overseas M&A, the Company advanced the internationalization of building materials product sales capabilities, global influence, and brand recognition, fully leveraging channel resource advantages to build an international building materials sales network and supporting the Company's penetration of international markets; through international exchange and cooperation, including hosting overseas new product launches, opening overseas specialty stores, pursuing international strategic cooperation in business domains, and participating in international trade exhibitions, the Company enhanced its brand influence and accelerated the advancement of its global footprint.
(II) Industry Overview
1. Macroeconomic and industry indicators
2025 marked the concluding year of the 14th Five-Year Plan. According to data from the National Bureau of Statistics, preliminary estimates indicate that China's gross domestic product (GDP) reached RMB140.1879 trillion in 2025, representing an increase of 5.0% year-over-year. The value added of industrial enterprises above the designated size increased by 5.9% year-over-year, with the manufacturing sector growing 6.4%. Full-year profits of industrial enterprises above the designated size increased by 0.6% year-over-year, while the non-metallic mineral products industry declined by 1.7%. Fixed asset investment (excluding rural households) decreased by 3.8% year-over-year, with infrastructure investment declining by 2.2%, manufacturing investment growing by 0.6%, and full-year real estate development investment declining by 17.2% year-over-year. For the full year, a total of 1.21 million units (rooms) of government-allocated affordable housing, subsidized rental housing, and public rental housing were commenced or secured nationwide; 170,000 units of urban dilapidated and aging housing renovation were commenced; renovation of 27,000 urban older residential communities was newly commenced, benefiting 4.99 million households; and renovation of 219,000 rural housing units for key groups including low-income rural residents was commenced under the rural dilapidated housing renovation and earthquake-resistant renovation programs. According to data from the China Building Materials Federation, the building materials industry prosperity index for December 2025 was 102.9 points, above the critical threshold and within the prosperity range, unchanged from the prior month and up 1.8 points from the same month of the prior year, reflecting stable overall industry performance.
2. Overview of the Industry and the Company's Presence in the Industry
The Company principally competes in the waterproof construction material industry, a segment of the construction material industry. Waterproof materials are functional materials indispensable for modern architecture. As cities keep growing and as existing stock building structures gradually enter aging and maintenance cycles, waterproof construction materials will be applied to more and more areas with great growth potential.
Currently, with low concentration, market fragmentation and unhealthy competition, the domestic construction waterproofing industry features "many small firms in a large industry". Among the many waterproofing firms, only a few can provide good services, while the many others are of small size with outdated technology and production technique. The market is flooded with counterfeit and shoddy products. And the industry is trapped in unhealthy competition. In recent years, with the rollout of regulating and industry policies and standards concerning quality inspection, anti-counterfeit, environment inspection, safe production and green and energy conservation, etc., in addition to a product structure upgrade, higher quality requirements of downstream customers, and increasing competitiveness of large waterproofing companies, the market is witnessing increasing concentration towards leading companies.
In 2025, the building waterproofing industry faced both the challenges of structural adjustment and the opportunities of high-quality development. On one hand, the industry confronted numerous headwinds from the confluence of persistently elevated prices for certain upstream bulk raw materials and weaker-than-expected downstream demand. On the other hand, industry participants took the initiative to break through constraints by pursuing diversified business portfolios, expanding into new market segments, and undertaking international transformation, focusing on incremental markets such as infrastructure construction and urban renewal and demonstrating strong development resilience. Industry concentration continued to improve. Furthermore, the ongoing implementation of national initiatives including "Two Priorities" projects and "Two New" policies, as well as active exploration of international markets, will bring significant opportunities to the waterproofing industry.
Since its establishment, the Company has been providing high-quality, integrated construction material and system solutions for major infrastructure constructions, as well as industrial, civil and commercial constructions at home and abroad. It is dedicated to solving construction safety problems caused by low-quality waterproofing and the high leakage rate. Upon more than two decades of experience in the construction material industry, the Company has transformed and upgraded to be a domestic leader in terms of R&D, comprehensive product competitiveness, production process and equipment, application technology, marketing model, professional system service capability, brand presence, etc., with strong competitiveness and growth. It is considered a prominent presence in the industry.
3. Changes in relevant industry policies and specific impacts on the Company
The State Council issued the 2024-2025 Energy Conservation and CO2 Reduction Plan, which requires the promotion of energy-saving and carbon reduction transformation in the building materials industry, strengthening green design and construction management, researching and promoting new building materials and advanced technologies, and advancing the renovation of existing buildings. The General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Continuously Advancing Urban Renewal Actions, setting a target that by 2030, meaningful progress will have been achieved in the implementation of urban renewal actions, the institutional mechanisms for urban renewal will be continuously refined, and initial results will be achieved in the transformation of the urban development and construction model. The Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting High-Quality Urban Development set forth requirements on optimizing the modern urban system and cultivating and expanding new drivers of urban development, with the aim of driving the transformation of urban development toward improving quality and efficiency of existing stock.
The national standard Code for Residential Projects issued by the Ministry of Housing and Urban-Rural Development took effect on May 1, 2025, stipulating requirements including the design service life of waterproofing works, and mandating that the construction, use, and maintenance of urban residential projects must comply with this standard, which is expected to promote quality upgrades across the industry. The Office of the Ministry of Housing and Urban-Rural Development issued the Notice on Carrying Out Focused Rectification of Quality Issues in Urban Residential Construction Projects, specifying that rectification efforts would be concentrated on quality issues such as sound insulation, odor transfer, and leakage in urban residential construction, with waterproofing and other design aspects designated as key review items for construction drawing design documents. The Office of the Ministry of Finance and the Office of the Ministry of Housing and Urban-Rural Development issued the Notice on Carrying Out the 2025 Central Government Fiscal Support for Urban Renewal Actions, under which the central government provides fixed subsidies to cities implementing urban renewal actions on a regional basis, supporting the development of model urban renewal projects and institutional capacity building. The Ministry of Finance and two other ministries jointly issued the Notice on Further Expanding the Implementation Scope of the Government Procurement Policy to Support Green Building Materials and Promote Improvement of Building Quality, implementing the policy in 101 cities (and city districts), including Beijing's Chaoyang District, effective January 1, 2025.
The Ministry of Industry and Information Technology released the Catalogue of Technologies and Products Encouraged for Promotion and Application in the Building Materials Industry (Version 2025), guiding the allocation of various factors toward emerging industries and technological transformation of traditional industries in the building materials sector, and accelerating the high-end, intelligent, and green transformation and upgrade of the building materials industry. The Ministry of Industry and Information Technology and four other ministries jointly issued the Guiding Opinions on Carrying Out Zero-Carbon Factory Development, aiming to fully tap the potential for energy conservation and carbon reduction in the industrial and information technology sectors, drive carbon reduction and green low-carbon transformation in key industries, and foster and develop new productive forces. In addition, the mandatory national standards Safety and General Technical Specifications for Building Waterproof Membranes (GB 45320 - 2025) and Safety Technical Specifications for Building Waterproof Coatings (GB 45671 - 2025), as well as the recommended national standard Green Product Evaluation — Waterproofing and Sealing Materials (GB/T 35609 - 2025), were all formally implemented in 2025.
These policies and standards positively encourage construction material companies to fully implement the principles of quality development, green development, and low-carbon development. They foster a transformation towards green and sustainable development through their own scientific and technological innovation, process improvements, smart manufacturing, and green construction. With the issuance and implementation of policies related to peak carbon emissions and carbon neutrality, high-energy-output and environmentally friendly benchmark enterprises in the construction materials industry will benefit, while outdated, non-energy-saving, and non-environmentally friendly enterprises will be phased out more quickly. On the other hand, this may also expand the market space for related industrial chain products and system services.
2026 marks the opening year of the 15th Five-Year Plan. The Government Work Report indicated plans to issue ultra-long-term special government bonds to continuously support the "Two Priorities" construction and "Two New" initiatives. The report called for high-quality advancement of urban renewal, steady implementation of renovation of aging urban residential communities and urban villages, and concerted efforts to stabilize the real estate market through city-specific policies to manage new supply, reduce inventory, and optimize supply, exploring multiple channels to revitalize existing commercial housing stock and encouraging the acquisition of existing commercial housing primarily for affordable housing purposes. The report also called for accelerating the renovation of dilapidated and aging housing, advancing in an orderly manner the development of safe, comfortable, green, and smart "quality homes", and implementing housing quality improvement and property service quality enhancement programs. It further called for high-quality advancement of high-standard farmland development, high-quality co-development of the "Belt and Road" Initiative with coordinated advancement of major landmark projects and "small but beautiful" livelihood projects, the allocation of ultra-long-term special government bonds to support the consumer goods trade-in program, boosting offline consumption, and stimulating consumption vitality in lower-tier markets. The report also called for improving policies to promote green and low-carbon development, implementing quality improvement and cost and carbon reduction initiatives in key industries, and deepening the development of zero-carbon industrial parks and factories. In addition, the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China was officially released. The series of policies introduced provides market opportunities for the Company to expand into new sectors and new market segments, and to achieve diversified, high-quality, and sustainable growth. The Company will continue to leverage the opportunities arising from the implementation of relevant policies to further tap into opportunities in the "Two Priorities and Two New" initiatives, older housing renovation, urban village renovation, urban renewal, "dual-use" (routine and emergency) public infrastructure development, home decoration retail, commercial and industrial buildings, and international business markets, and will continue to step up technological innovation, optimize its product mix, and expand application scenarios.
In response to related policies, the Company has organized serious studies from policy research, product development, process improvement, production and sales, standardized construction and training of construction workers, environmental protection measures, and other comprehensive areas. It explores paths for green and sustainable development, seizing opportunities, and fully leveraging and expanding the Company's comprehensive competitive advantages in branding, product research and development, product quality, product categories, cost benefits, marketing networks, application technology, and system service. The Company applies its high-quality products and professional system services to more global scenarios, driving industry sustainable development through innovation, creating a quality human living environment, and enhancing the quality of life.
4. Periodicity, seasonality and regionality of the industry
(1) Periodicity. Waterproof construction material industry is a fundamental industry in the field of building materials, without clear periodicity.
(2) Seasonality. Waterproof construction material industry has seasonality to a certain extent. In North China, the first quarter of each year is generally the slack season for the sales of waterproof building materials and engineering construction because of cold weather. In South China, the seasonality of waterproof building materials is mainly reflected in the reduction in construction in rainy seasons.
(3) Regionality. The economic transportation radius of waterproof building materials is approximately 500 kilometres, so this industry has certain regional characteristics. The enterprises in the industry are generally of small scale, and many of them limit the sales of waterproof materials to the regions where the materials are produced, further reinforcing the regional characteristics of the industry. Therefore, in order to grow bigger and stronger in the industry and increase market shares, it is all the more necessary for enterprises of this industry to build production bases at home and abroad and actively conduct cross-regional and international business.
The Company has built R&D centres for production and logistics in regions such as North China, East China, Northeast China, Central China, South China, Northwest China, and Southwest China. Additionally, it intends to build factories in overseas regions including Southeast Asia and North America progressively to cater to customers worldwide. Its production capacity is arranged extensively and rationally to ensure that its products can be sold to global markets at lower warehousing and logistics costs, and that coordinated production and shipment are realized. Therefore, the Company enjoys competitive advantages unmatched by its competitors in respect of satisfying customers' diverse product demands and the supply requirements.
5. Main raw materials of products and their supply
The main raw materials required for the Company's production include asphalt, SBS modifiers, polyester base fabric, emulsion, polyether, TDI, MDI, and TPO resin, among others. The supply remains sufficient and stable. Among these, asphalt is one of the Company's primary raw materials. During the Reporting Period, the prices of some raw materials, represented by asphalt, remained at high levels, exerting a certain impact on the Company's overall gross profit margin. The Company has a mature and well-developed raw material procurement system. To manage the risk of raw material price fluctuations, the Company has leveraged its scale advantages to establish strategic cooperation relationships with major upstream raw material suppliers, ensuring that the Company can obtain principal raw materials at relatively favorable prices on a long-term and stable basis, thereby reducing production costs. The procurement department precisely monitors market trends and rationally schedules the timing and planning of procurement for key materials; various departments collaborate efficiently to effectively control costs through technological advancement, centralized procurement advantages for principal raw materials, enhanced bargaining power, and economies of scale. The Company also selectively employs strategies such as off-season procurement, opportunistic procurement, and commodity futures hedging as appropriate based on production and operational needs and industry market conditions to reduce procurement costs. The Company has also accelerated the iteration and updating of its core formulation systems to lower production costs. Furthermore, to ensure the supply stability of certain critical raw materials and to further optimize raw material costs, the Company has extended its industrial chain upstream into certain raw material areas, including non-woven fabrics, specialty films, VAE emulsion, and VAEP powder adhesive, enhancing the resilience of its procurement operations and further building and deepening its industry moat.
(III) Business Plan for the Coming Year
Based on an analysis of the macroeconomic environment and the Company's core competitive advantages, and in accordance with the Company's development strategy, the Company has adopted "Genuine confidence, true drive, sincere aspiration, burning passion, and fearless hope" as its guiding work theme for 2026. The principal operational plans for the year are as follows:
1. Upgrade and optimize the channel development and management system; achieve co-creation, shared success, and mutual benefit with partners
The Company will upgrade and optimize its partner development and management mechanisms, maintaining a partner-centric approach, dedicating full effort to developing diverse types of partners, delivering targeted empowerment and support, and comprehensively enhancing partners' overall operational capabilities to serve end markets. The Company will deepen channel development, implement classified management, standardize market order, upgrade partner service guarantees, and continuously explore tiered and classified approaches to partner management.
2. Maintain risk control as the top priority; improve the internal control system; and continuously enhance operational quality
The Company will consistently uphold risk control as its top priority and improve operational quality. It will continuously upgrade its partner credit policies, strengthen partner qualification review and credit assessment, and strictly control bad debt risk. The Company will upgrade contract management, strengthen process control and collections management, intensify recovery efforts on existing accounts receivable balances, continuously improve cash flow, and focus on improving quality and efficiency in core businesses. Positive operating cash flow will be maintained as the primary basis for operational management and decision-making. The Company will strengthen its internal control system, reinforce risk prevention, address issues before they escalate, and build a solid compliance operations line of defense.
3. Adhere to technology and innovation-driven development; strengthen product R&D
The Company will harness the combined force of technological innovation, process innovation, management innovation, and institutional innovation to maintain its cost leadership advantage. It will build innovation platforms, accelerate breakthroughs in key and core technologies and industry quality improvement and upgrade, focus on market demand, and comprehensively step up R&D efforts in overseas, retail, and core category products. The Company will pursue cross-disciplinary development of new-structure raw materials and new products, innovating its product portfolio, and continuing to build differentiated advantages through integrated, scenario-based system solutions. The Company will strictly uphold quality standards, maintaining that quality is the core of Oriental Yuhong's brand value, ensuring both product quality and service quality, and cementing quality leadership as a core competitive strength.
4. Engineering sector: focus on the core waterproofing business, improve market share, and selectively develop new market segments
The Engineering Construction Materials Group will continue to improve its market share in the core waterproofing business, intensify the promotion of new waterproofing products, and selectively and strategically develop new market segments, with a primary focus on industrial businesses including TPO, thermal insulation, anti-corrosion, and flooring systems, while positioning mortar and powder and piping systems as new growth curves. The Group will advance the integration of core businesses with new market segments, building multi-category integrated solutions. With the core objectives of improving market share, strengthening profitability, and optimizing the channel ecosystem, the Group will deepen partner relationships, reinforce brand influence and resource integration capabilities, and comprehensively enhance its overall competitiveness.
5. Civil construction materials sector: focus on dual core businesses and upgrade c-end service capabilities
The Civil Construction Materials Group will focus on building waterproofing and mortar and powder as its dual core businesses, continuously improving market share, optimizing its product mix, and expanding into new categories and incremental spaces. The Group will deepen its penetration into lower-tier markets, advancing the rapid development of businesses including waterproof coatings, membrane repair, mortar and powder, coatings, piping systems, adhesives, and hardware. It will systematically upgrade the C-end service platform to improve delivery capabilities, customer trust, and brand strength.
6. Mortar and powder sector: accelerate growth, improve quality and efficiency, and continuously build a new growth engine
The mortar and powder sector will leverage its innovation mechanisms in technology, products, and supply chain to continuously refine its capacity footprint, strengthen supply chain development and cost reduction efforts, and maintain cost leadership across all mortar and powder categories. The Company will advance the comprehensive development and utilization of mineral resources, rapidly expand businesses such as sand, stone, and powder, and drive product premiumization and channel industrialization to build core competitiveness. Leveraging the retail channel advantages of the civil construction materials platform to empower C-end business, and leveraging the sales and partner resources of the engineering construction platform to empower B-end business, the Company will continuously develop mortar and powder into an important new growth engine.
7. Strengthen overseas compliance operations and build core competitiveness in a global supply chain
The development of overseas business will be premised on compliance operations, adhering to the principle of piloting and testing first, and prioritizing market development and team building to build core competitiveness in the global construction materials supply chain. The Company will maintain a parallel approach of international trade and investment M&A, steadily advancing overseas market expansion while comprehensively strengthening post-acquisition management of acquired enterprises. The Company will focus on the orderly expansion of overseas business, ensure the smooth commissioning and ramp-up of overseas production bases, and accelerate the development and implementation of overseas digitalization projects to empower high-quality overseas business development through digital capabilities.
8. Adhere to elite governance of Oriental Yuhong; focus on building an elite team
The Company will adhere to minimalism, focus on building an elite team, improve operational efficiency, eliminate management waste, and build an agile organization with a spirit of hard work and perseverance. The Company will also continuously adhere to professional, vocational, youthful, and international hiring standards, actively promote and cultivate a culture of "not adhering to authority, not adhering to formalities, but adhering to facts". Remaining customer-centric and results-oriented, the Company will continue to pursue breakthroughs, stay true to the principles of Staying True and seeking truth from facts, give full play to individual initiative, comprehensively invigorate organizational vitality, and advance toward its objectives with genuine confidence, true drive, sincere aspiration, burning passion, and fearless hope.