Stock Code: 002271 Stock Name: Oriental Yuhong Announcement No. 2025-067

BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD.

INTERIM REPORT 2025 (SUMMARY)

Part I Important Notes

This Summary is based on the full Interim Report of (together with its consolidated subsidiaries, the Company , except where the context otherwise requires). For a full understanding of the Company s operating results, financial position and future development plans, investors should carefully read the aforesaid full report, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the CSRC).

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

Independent auditor s modified opinion:

□ Applicable ☑ Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

☑ Applicable □ Not applicable

Bonus issue from capital reserves:

□ Yes ☑ No

The Board has approved an interim dividend plan as follows: based on the total share capital of 2,388,699,866 shares of the Company (the existing total share capital of 2,388,669,116 shares of the Company minus the 30,750 restricted shares as equity incentives of which the Company has not yet completed the repurchase and retirement, a cash dividend of RMB9.25 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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

□ Applicable ☑ Not applicable

Part II Key Corporate Information

1. Stock Profile

Stock name	Oriental Yuhong	Stock code	002271
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Zhang Bei		
Office address	Courtyard 19, 9th Kechuang Street, Beijing Economic-technological Development Area, E-town, Beijing		

Tel.	010-59031997	
E-mail address	stocks@yuhong.com.cn	

2. Key Financial Information

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

☐ Yes ☑ No

	H1 2025	H1 2024	Change (%)
Operating revenue (RMB)	13,569,021,520.18	15,218,469,083.94	-10.84%
Net profit attributable to the listed company s shareholders (RMB)	564,438,410.91	943,244,314.04	-40.16%
Net profit attributable to the listed company s shareholders before exceptional gains and losses (RMB)	507,145,483.30	835,937,709.96	-39.33%
Net cash generated from/used in operating activities (RMB)	-395,909,846.60	-1,327,740,373.01	70.18%
Basic earnings per share (RMB/share)	0.24	0.39	-38.46%
D[redacted]er share (RMB/share)	0.24	0.39	-38.46%
W[redacted]eturn on equity (%)	2.37%	3.38%	-1.01%
	30 June 2025	31 December 2024	Change (%)
T[redacted]	44,057,392,307.77	44,715,448,811.80	-1.47%

[redacted]

Li Weiguo	Domestic natural person	22.22%	530,802,887	398,102,165	In pledge	410,872,200
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	15.58%	372,227,639	0	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	Foreign legal person	1.92%	45,969,375	0	N/A	0
Kuwait Investment Authority	Foreign legal person	1.34%	32,105,065	0	N/A	0
Xiang Jinming	Domestic natural person	0.93%	22,169,323	16,626,992	In pledge	5,000,000
National Social Security Fund-Portfolio 403	Other	0.90%	21,614,887	0	N/A	0
Industrial and Commercial Bank of China Co., Ltd.- Fullgoal the Research Slected Flexible Configuration Hybrid Securities Investment Fund	Other	0.78%	18,579,612	0	N/A	0
Abu Dhabi Investment Authority	Foreign legal person	0.70%	16,661,056	0	N/A	0
National Social Security	Other	0.68%	16,319,255	0	N/A	0

Fund-Portfolio 107						
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

4. Change of the Controlling Shareholder or the Actual Controller in the Reporting Period

Change of the controlling shareholder in the Reporting Period:

□ Applicable ☑ Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

□ Applicable ☑ Not applicable

The actual controller remained the same in the Reporting Period.

5. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

□ Applicable ☑ Not applicable

No preferred shareholders in the Reporting Period.

6. Outstanding Bonds at the Date when this Report Was Authorised for Issue

□ Applicable ☑ Not applicable

Part III Significant Events

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, specialised films, and emulsions.

1. Focusing on waterproofing and mortar and powder as dual core businesses and continuing to explore new growth curves

The Company remained focused on strengthening its main business of waterproofing. It proactively expanded diversified application scenarios including the construction of transportation, water conservancy, energy, communication facilities, and other infrastructure facilities and urban emerging infrastructure, industrial and mining warehousing and logistics, public services such as science, education, culture, and health, affordable housing, and civil construction materials. Meanwhile, it exerted efforts in the existing construction market, developing old house renovation, urban village transformation, and urban renovation projects. Also, it gave full play to its R&D and technical advantages to enrich product categories and upgrade the produce system, promoted the development of new fields, new products, and new tracks, and strengthened development of retail, non-housing markets, and lower-tier markets, in pursuit of a larger market share.

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

The Company has strengthened the foundation, and accelerated the layout of overseas business, focusing on developing overseas markets. This included strengthening international research, establishing overseas subsidiaries, promoting investment and acquisitions, manufacturing, building overseas supply chains, overseas talent cultivation, and channel expansion. By implementing these strategic initiatives, the Company aimed to diversify its business model across engineering, overseas trade, and retail sectors globally. This approach provided a third growth curve for sustainable development, positioning the Company as a global construction materials system service provider.

2. Upgrade channel development and management system, and deepening channel development

During the Reporting Period, the Company continuously deepened its channel development strategy, upgraded channel development and management system, actively implemented channel transformation and cultivated channel development. In the first half of 2025, the Company recorded a total of RMB11,406 million in revenue from engineering and retail channels, accounting for 84.06% of the Company s operating revenue, and the proportion of channel sales revenue has further increased and now channel sales have become the Company s main marketing model. On one hand, the engineering channel continued to advance the platform + creators management model, prioritising partners, upgrading the partner service, empowering partner development, and continuously cultivating the operational management capabilities, business expansion capabilities, and engineering service capabilities of partners. This enhanced partners operation capability of serving end customers, and supported the continuous development of partners. On the other hand, the retail channel is deepening its penetration in lower-tier markets, enriching the channel matrix,

upgrading the professional service capabilities of C-end service providers, adhering to meticulous channel cultivation, and establishing an integrated online and offline retail operation model.

3. Prioritising retail to strengthen the foundation of consumer construction materials

The Company s retail business includes the Civil Construction Materials Group and the C-end service platform, as well as the retail business segment of building coatings. In the first half of 2025, the retail business achieved a revenue of RMB5,059 million, accounting for 37.28% of the Company s total revenue, with the proportion of retail business steadily increasing. The Civil Construction Materials Group has always adhered to the customer-first philosophy, closely followed industry development trends, deeply understood consumers real needs, and successfully developed a series of new products that combine high-tech content with environmental and safety characteristics through continuous technological innovation. In response to the characteristics of residential decoration, the Civil Construction Materials Group has developed a system solution covering six core areas: waterproofing and moisture-proofing, wall coating, tile laying, joint beautification, sealants, and pipeline laying. This solution effectively meets the differentiated needs of various stages in home decoration, providing comprehensive quality assurance for modern home life. In the first half of 2025, the Civil Construction Materials Group achieved a revenue of RMB4,748 million, accounting for 34.99% of the Company s total revenue. During the Reporting Period, the Company officially launched its C-end professional service brand - Yuhong , covering six business segments: waterproofing maintenance, wall refresh, pipeline delivery, waterproofing delivery, tiling delivery, and beautifying gaps delivery. It is dedicated to providing consumers with a one-stop service solution from new installations to maintenance. During the Reporting Period, the building coatings business, including retail, was fully integrated into the former Mortar and Powder Technology Group, aiming to leverage the advantages of supply chain collaboration, process coordination, market expansion, and the Company s established brand and channel advantages in the domestic wall auxiliary materials market. This integration seeks to drive coatings with powdered materials and further unleash the potential for collaborative development. The building coatings retail business, focusing on the core requirement of improving business quality, by positioning the Caparol and Alpina brands, it built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and base materials, while exploring new ecosystems and profit growth points for the research and development, production, sales, and technical services of coatings retail business.

4. Prioritising overseas expansion to accelerate the promotion of global layout

During the Reporting Period, the Company further strengthened its overseas market research, improved its overseas organisational management system, and enhanced its international supply chain layout and channel development. On the one hand, it solidified the marketing and organisational capabilities of its overseas market teams, built and improved the regional personnel allocation and organisational structure overseas, and continuously developed a talent system with international competitive advantages to achieve independent operations and efficient services in key markets. On the other hand, the Company actively established localised companies and has set up overseas subsidiaries or offices in multiple countries, actively building a global business network to lay a solid foundation for local operations of its overseas business.

The construction of overseas production bases is progressing in an orderly manner: The construction of the Oriental Yuhong Houston Production, R&D and Logistics Base project continues to move forward. This project is aimed at addressing the demand for TPO waterproof materials in the North American and global construction and building materials markets, as well as the Company s international R&D technology development and application. The first phase plans to mainly build a TPO waterproof membrane production line and a North American R&D centre.

During the Reporting Period, the TDF Middle East Production Base Project in Dammam, Saudi Arabia, officially broke ground, and has rapidly advanced in its construction. The main workshop, finished goods warehouse, and factory area have all been constructed to the ground level. The project plans to build two fiberglass-reinforced polyester base fabric production lines and two polyester base fabric production lines. This project is beneficial in shortening the transportation distance of TDF s non-woven fabric and other series of products sold between the Middle East, Europe, Africa, and Western Asia, making manufacturing costs more competitive. At the same time, the localised production will quickly respond to regional demand, further attracting global customers and resources. The Tiandingfeng Canada Production, R&D, and Logistics Base has officially broken ground. This project is jointly invested in and constructed by Tiandingfeng and its partners, aiming to further optimise the international industrial layout and enhance the Company s full-chain service capabilities in the North American and European markets. The Oriental Yuhong Malaysia Production, R&D, and Logistics Base successfully completed its first trial production. The base is equipped with multiple advanced production lines covering products such as mortar and water-based coatings, introducing advanced production technologies and intelligent production equipment. The products mainly serve markets in Singapore and Malaysia. In terms of overseas acquisitions, the Company s wholly-owned subsidiary, Hong Kong Oriental Yuhong Investment Company Limited, acquired 100% of the shares in Hong Kong construction materials retail enterprise - Man Cheong Metals and Building Materials Company Limited and professional building materials direct sales company in Hong Kong - Specialist Products Limited. Through integration and reliance on the superior resources such as the channel advantages, service capabilities, product categories, and strong foundation in the Hong Kong market of these two companies, the Company plans to gradually expand its business from the Hong Kong market into Southeast Asia and globally. Additionally, the Company s wholly-owned subsidiaries, OYH Overseas Development Group Co., Ltd. and OYH International Trade (Shanghai) Co., Ltd., on 16 July 2025 (Beijing time), signed a *SHARES PURCHASE AND SALE AGREEMENT* with INVERSIONES RTB SpA, INVERSIONES DOÑA TATI LIMITADA, and INVERSIONES DE ATACAMA LIMITADA. The agreement outlines the acquisition of 100% of the shares in Chilean construction materials supermarket enterprise - Construmart S.A., aiming to continuously explore and expand the Company s building materials retail channels, enhance the international sales capacity of its products, and improve its global influence and brand recognition.

The Company actively engages in international exchanges and cooperation: A delegation of teachers and students from the Universiti Malaya in Malaysia visited the Company for a tour and exchange, while a delegation from the Federal Ministry of Transportation, Nigeria visited the Oriental Yuhong Production, R&D, and Logistics Base in Hangzhou for an inspection. The Company hosted the Oriental Yuhong Malaysia new product launch event and successfully opened the first comprehensive waterproofing specialty store in Malaysia. The Company also participated in multiple business sectors, showcasing its presence at various international exhibitions, including the International Roofing Expo (IRE) in the United States, the Big 5 Construct Saudi 2025 in Saudi Arabia, the CHINAPLAS 2025 International Exhibition on Plastics and Rubber Industries, the 137th Canton Fair for China Import and Export Commodities, the International Building Materials Exhibition in S ão Paulo, Brazil, and the 8th Vietnam Waterproofing Traditional Festival.

(II) 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, architectural coating materials, energy-saving and heat preservation materials, adhesives, tube materials, building renovation, new energy, non-woven fabric, specialised 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, South-to-North Water Diversion Supporting Project in Beijing, 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

Construction Materials Group achieved a revenue of RMB4,748 million, accounting for 34.99% of the Company s total revenue.

1) Brand development: Civil Construction Materials Group makes continuous investment in brand-driven advertising, increasing investment in self-media platforms online, and consolidating high-traffic positions offline to capture traffic trends and enhance C-end brand recognition. Online communication focuses on consumer search demand at the front end. Investment in self-media platforms online is increased through search ads, brand zones, local placements, etc., to effectively intercept brand traffic, capture users attention, and empower business development. Offline, based on consolidating core locations such as high-speed rail and landmark advertisements, the number of outdoor and storefront ads will continue to increase, strengthening the connection with pain points in the lower-tier markets. On the channel side, there will be strong development of brand self-media matrices, empowering partners to embrace self-media. Through brand live streaming, local group buying, and distributor live streaming, we aim to enhance business conversion capabilities for partners. By building an integrated online, offline, and channel fusion marketing ecosystem, a high-frequency interaction mechanism will be established between the brand, partners, and consumers, strengthening the brand s mindshare among the target consumer groups.

2) Channel development: Civil Construction Materials Group has continuously deepened channel penetration by optimising category structure and strengthening terminal coverage to build a more comprehensive channel network system. Through digital tools and specialised training, the group has continuously enhanced the operational quality and efficiency of partners, driving them towards professionalisation and corporate transformation. At the same time, the group continues to consolidate the advantages of traditional channels, standardises the product circulation system, and strengthens the management of both online and offline terminals to comprehensively improve service quality and operational efficiency. Furthermore, the group has deepened the integration of resources with construction enterprises, promoting industry ecosystem integration, and building a collaborative development channel ecosystem.

In the exclusive store channel: the group continuously deepens the construction of retail specialty channels to enhance the operational quality of specialty stores. Focusing on five key dimensions - store format upgrades, category expansion, sales staff empowerment, membership operations, and system support - the management is refined to strengthen brand image and retail capabilities. In terms of store format upgrades and efficiency improvements, the classification management of specialty store formats continues to be promoted, alongside the upgrade of store images to enhance the brand s external image and consumer experience. At the same time, the store structure is optimised, with a focus on improving operational efficiency. Regarding products, the group insists on category expansion and innovation, enriching the store product line to meet diverse consumer needs. For sales staff, online sales channels are expanded, with live-streaming sessions aimed at C-end consumers, exploring a new retail model that integrates both online and offline platforms.

E-commerce channels: The group actively expands new channels for traditional product categories and creates an online trial sales platform for new products to quickly validate market feedback. Moreover, the group continuously explores digital marketing methods such as live streaming, short videos, and social media influencer marketing, using these as traffic entry points of offline experience. Through online traffic generation and store service linkages, the aim is to increase touchpoints and synergy.

3) Membership operation: The group continuously deepens the membership operation system centred around Honggehui , enriching the promotional activities on the Honggehui platform to effectively increase member activity and loyalty. The membership mall has added tool categories and optimised the shopping experience for members. The Return-to-Home Entrepreneurship

Platform for Core Members has been established to actively support capable members to return to rural areas and start businesses, enhancing member loyalty and sense of belonging, and promoting channel penetration and market expansion.

4) Product development: The group always centres around the consumer, while meeting high environmental and physical performance standards for products, attention is given to addressing consumer pain points. The group has innovatively developed a series of home decoration retail products with functions such as antibacterial and anti-mould properties, moisture resistance, sun resistance, wear resistance, fast drying, and time-saving and labour-saving construction. The Civil Construction Materials Group continues to lead in environmental protection, achieving China Environmental Label (Ten ring certification), the highest environmental grade A+ standard of the French VOC Label, the German EC1p1us certification, the CIAA antibacterial logo qualification, Green Product Certification, Green Building Material Certification, WRAS Certification, and SGLS Certification. Additionally, more focus is placed on segmented home scenarios, with continuous technological iterations and category expansions to meet the diverse needs from kitchens and bathrooms to the whole house, from indoor to outdoor, and from base layers to decorative surfaces. New products launched include high-performance waterproof membranes for exposed areas, quick repair waterproof coatings, colour-resistant and weatherproof coatings for exposed areas, integrated exterior wall waterproofing and levelling decorative coatings, soundproof and moisture-proof rapid installation pipe boards, high-strength waterproof quick-install back panels for bathrooms, lightweight soundproof ceramic tile adhesives, lightweight gypsum, mildew-resistant high-strength water-resistant putties, as well as adjustable colour grout, abrasion-resistant and colour-changing tile paints, anti-mould household glues for multiple kitchen, bathroom, and living room scenarios, high-quality replaceable deodorant floor drains, and a range of daily hardware and protective films, further meeting consumers demand for lifestyle-based and personalised solutions.

(2) C-end service platform

During the Reporting Period, the group officially launched its C-end professional service brand, Yuhong , covering six business segments: waterproofing and moisture-proofing, wall coating, tile laying, joint beautification, sealants, and pipeline laying. With the core elements of professional, efficient, guaranteed, and comprehensive , the group builds a new retail service platform for consumers, dedicated to providing a one-stop service solution from installation to maintenance, offering consumers a safe, healthy, and environmentally friendly living experience.

Yuhong Services leverages the group s core strength in waterproofing, continuously upgrading refined services, improving standardised service processes, conducting systematic professional training for craftsmen, and establishing a full-cycle service system from new waterproofing

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expansion synergies, along with the group s established brand and channel advantages in the domestic wall auxiliary materials market, the plan is to drive coatings with powdered materials, further unlocking the potential for collaborative 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 and Alpina , Caparol emphasised its core value of functional coatings from Germany , showcasing its century-old quality, German craftsmanship, and environmental innovation. Alpina , with the concept of Wall Care Is like Skin Care , commits to protecting what you love, see, dare, and imagine, epitomising German quality, redefining brand perception, and conveying meticulous care for the home environment. Together, the two brands have built a comprehensive product line covering interior wall coatings, artistic coatings, exterior wall coatings, and basic auxiliary materials, achieving product performance upgrades and enhanced environmental standards, while offering differentiated choices through category expansion and service optimisation.

During the Reporting Period, the architectural coating retail business concentrated on the primary products of coatings, closely aligning with market demands, continuously optimising product structure, and strengthening the rational layout of product lines to ensure precise alignment with consumer needs. By deepening the front-end differentiation and back-end synergy o(h)ĴTJ89( )-149-

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 former Mortar and Powder Technology Group, Caparol (China) Ltd., and Hongshi (Jiangsu) New Material Technology Co., Ltd. established the Coatings and Mortar and Powder Technology Group, setting up functional and technical platforms, supply platforms, engineering coatings companies, retail coatings companies, and Hongshi companies. Through resource integration and ecological collaboration, the group integrated coatings + auxiliary materials + tools to provide one-stop supply and expand business penetration.

Specifically, for the mortar and powder business, the group has put in place an integrated, professional and lean production system for mortar and powder, promoting the implementation of the industry category value chain. With an R&D and application technology team based in Beijing, Shanghai and Guangzhou, as well as based on a diversified channel layout, the group consolidates the systematic product of special mortar, and vigorously expands various product domains such as calcium-based powder new materials, general mortar, sand and gravel aggregates and its products, continually increasing its market share in the mortar and powder market and enhancing its brand influence. While continuing to be engaged in primary product systems such as tile paving systems and wall coating systems, the group swiftly strategised to expand product categories, extend channels, strengthen services, and share profits. The group launched to the market new products such as lightweight tile adhesive, anti-crack mortar series, waterproof mortar series, flooring system and its ancillary products. Meanwhile, the group steadily explored the R&D and application of new technologies such as shield auxiliary mortar, soil curing technology and stability studies on tile paving systems to meet the needs of customers for different application scenarios.

The Coatings and Mortar and Powder Technology Group, relying on the Company s strong supply chain integration capabilities, continues to focus on cost, quality, and new product incubation as core tasks, increasing the product categories and their value and supply chain implementation. A professional team has been established to enhance the competitiveness of new products, aiming to develop professional clients and increase new product sales. Meanwhile, by properly arranging the supply bases, the Coating Materials, Mortar and Powder Technology Group has achieved agile response and service, reduced transportation costs, and created greater value for customers.

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

The Company has established overseas subsidiaries or offices in multiple countries, building and improving the regional personnel allocation and organisational structure overseas, consolidating the marketing and organisational capabilities of the overseas market teams, and actively constructing a global business network to lay a solid foundation for localising overseas business operations. The construction of overseas production bases has been advanced, and a global supply chain system is being built. The construction of the Oriental Yuhong Houston Production, R&D and Logistics Base project continues to move forward. The first phase plans to mainly build a TPO waterproof membrane production line and a North American R&D centre. During the Reporting Period, the TDF Middle East Production Base Project in Dammam, Saudi Arabia, officially broke ground, and

other series of products sold between the Middle East, Europe, Africa, and Western Asia, making manufacturing costs more competitive. At the same time, the localised production will quickly respond to regional demand, further attracting global customers and resources. The Tiandingfeng Canada Production, R&D, and Logistics Base has officially broken ground. This project is jointly invested in and constructed by Tiandingfeng and its partners, aiming to further optimise the international industrial layout and enhance the Company s full-chain service capabilities in the North American and European markets. The Oriental Yuhong Malaysia Production, R&D, and Logistics Base successfully completed its first trial production. The base is equipped with multiple advanced production lines covering products such as mortar and water-based coatings, introducing advanced production technologies and intelligent production equipment. The products mainly serve markets in Singapore and Malaysia. In terms of overseas acquisitions, the Company s wholly-owned subsidiary, Hong Kong Oriental Yuhong Investment Company Limited, acquired 100% of the shares in Hong Kong construction materials retail enterprise - Man Cheong Metals and Building Materials Company Limited and professional building materials direct sales company in Hong Kong - Specialist Products Limited. Through integration and reliance on the superior resources such as the channel advantages, service capabilities, product categories, and strong foundation in the Hong Kong market of these two companies, the Company plans to gradually expand its business from the Hong Kong market into Southeast Asia and globally. Additionally, the Company s wholly-owned subsidiaries, OYH Overseas Development Group Co., Ltd. and OYH International Trade (Shanghai) Co., Ltd., on 16 July 2025 (Beijing time), signed a *SHARES PURCHASE AND SALE AGREEMENT* with INVERSIONES RTB SpA, INVERSIONES DOÑA TATI LIMITADA, and INVERSIONES DE ATACAMA LIMITADA. The agreement outlines the acquisition of 100% of the shares in Chilean construction materials supermarket enterprise - Construmart S.A., aiming to continuously explore and expand the Company s building materials retail channels, enhance the international sales capacity of its products, and improve its global influence and brand recognition. The Company actively engages in international exchanges and cooperation: a delegation of teachers and students from the Universiti Malaya in Malaysia visited the Company for a tour and exchange, while a delegation from the Federal Ministry of Transportation, Nigeria visited the Oriental Yuhong Production, R&D, and Logistics Base in Hangzhou for an inspection. The Company hosted the Oriental Yuhong Malaysia new product launch event and successfully opened the first comprehensive waterproofing specialty store in Malaysia. The Company also participated in multiple business sectors, showcasing its presence at various international exhibitions, including the International Roofing Expo (IRE) in the United States, the Big 5 Construct Saudi 2025 in Saudi Arabia, the CHINAPLAS 2025 International Exhibition on Plastics and Rubber Industries, the 137th Canton Fair for China Import and Export Commodities, the International Building Materials Exhibition in São Paulo, Brazil, and the 8th Vietnam Waterproofing Traditional Festival.

(III) 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 undertaken by the integrated regional companies across various provinces of Engineering Materials Group, centralised procurement divisions, as well as specialised companies and business divisions for various market segments such as railway, highway, rail transit, industrial construction, energy construction, and underground projects. Specifically, the integrated regional companies across various provinces 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, developing lower-tier channels, as well as developing and empowering various partners, they have enhanced local market coverage and penetration 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, architectural coating materials, pipe manufacturing, anti-corrosion, and other businesses, providing complete building material solution packages for customers. The centralised procurement divisions focus on serving large strategic cooperation customers nationwide by entering into strategic cooperation agreements or long-term supply agreements to conduct in-depth cooperation with such customers in more business areas.

2. The retail channel dealers are managed by the Company s subsidiary Civil Construction Materials Group and C-end service platform, and the architectural 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 put in place to serve the general consumer home decoration and renovation markets.

(IV) 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 unhealthy competition is seen in the industry. 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.