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

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

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During the Reporting Period, the architectural coating retail business continued to improve in terms of branding and market expansion. By SUHFLVHO\SRVLWLRQLQJWKHWZRPDMRUEUDQGV&DSDU DQG$SLQ´&DSDURO´HPSKDVLVHG LWV FRUH YDOXH RI ³XEQLQO FRDWLQJV IURP HUPDQ showcasing its century-ROGTXDOLW\HUPDQHQJLQHHULQJDQGKLSDQHQLURQHQWDOLQYDWLRQ$SLQ´ with the concepWRI³DOO&DUH,VOLNH6NLQ&DUH´FRPPLWVWRSURWHFWLQJKDWRXORYHVHH 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

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

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

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(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

(2) Key Financial Information by Quarter

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7KH FKDQHV LQWKH WRS7HQ KDUHKROGHUV DQ WKHHQWHUWULFWHG FLUFXODWLQVKDUHKRO FRPSDUHG WRWKH SUHYLRXV SHULRG ZHUHGXHWRWKHOHQLQUHWXUQRIVKDUHV XQHU OHQLQEXVLHVV

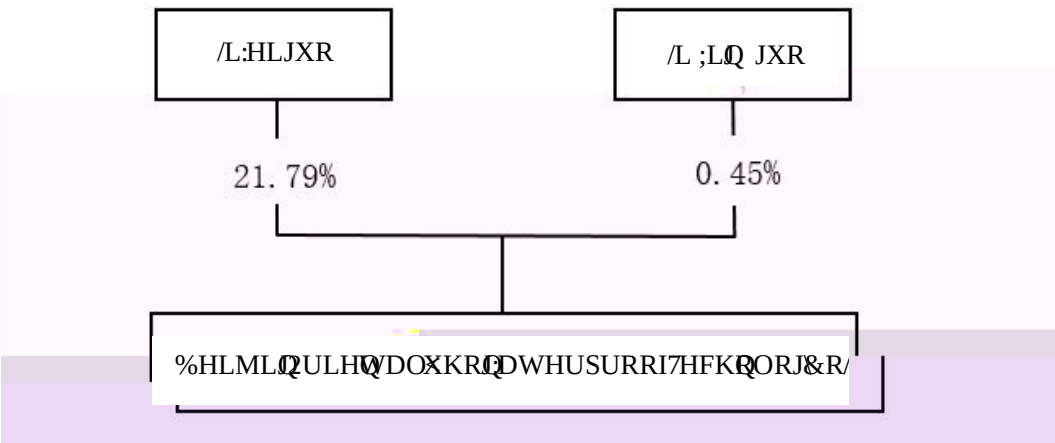
$SSLFDEOH Not applicable

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

$SOEDEOH Not applicable

No preferred shareholders in the Reporting Period.

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



Note: Mr. Li Weiguo is the actual controller of the Company. And Mr. Li Xingguo is 0U/L:HLJXR¶VEURWKHUDQDFWLQFoncert party.

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

$SOHDEOH 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, WDNLQJRUN +DUG 5LVH WR &KDOOHQJHV 6WD\&RPPLWWHG 3XUVXH D %HWWHU)XWXUH L)RUZDUG6ZLIWO\5REXVWOHDGLQJ%ELWLRXVO\DVWKHSHUDWLRQOIRFXVDVZHOODVIROORZL philosophy and principles of the *Basic Rules of Oriental Yuhong*, the Company actively promoted business structure transformation and upgrading. Always being customer-oriented, the Company aims to accommodate various application scenarios and market changes. It has become a construction materials system service provider that focuses on building waterproofing and extends to diversified fields including civil construction materials, mortar and powder, architectural coatings, energy-saving and thermal insulation materials, adhesives, tubes, building renovation, new energy, non-woven fabrics, specialized films, and emulsions.

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7KH&RPSDQ RFXVHGRQROLGDWLQWKHZDWHUSURRILQFRUHEXVLQHVVDQDFWLYHO LQR LQUDVWUXFWXUH FRQWUXFWLRQLQVHFWRUV VXFK DV WUDQVSRUWDWLRQZDWHU FRPPXQLFDWLRQDFLOLWLHV HPHUJLQXEDQLQUDVWUXFWXUH LQXVWULDO DQ PLQQZDU ORJLVWLFV SXEOLF VHUYLFHV VXFK DV VFLHQH HGXFDWLRQXOWXUH DQ KHDOWK DV ZH DSSOLFDWLRQVFHQULRVLQIRUGDEOHKRXVLQDQFLYLOOLHQWLDWHHQDOW WKH VWRFN EXLOGLQ PDUNHWHGEXVLQHVV LGRRXVH UHQYDWLRQXEDQYLOODJH WUDQIRUPDWLRQ XEDQUHQHZDOHYHUDJH WKHDGYDQWDJHVRIWKHFXVWRPHUUHVRXUFHDFFXPXODWHGRQWKHPDLQEXVLQHVVRIZDWHUSURRILQJ SURGXFWFDWHJRULHVDQXSJUDGHWKHSURGXFWVWUXFWXUHRIHZILHOGVHZ SURGXFWVDQHZWUDFNVDQGWKHGHYHORSPHQRIUHWDLOPDUNHWV DQORZHUWLHUPDUNHWVIXUWKHULPSURYLQPDUNHWVKDUH

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

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

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The Company¶s retail business includes the Civil Construction Materials Group and C-end service platform. In 2024, the Company¶s retail business achieved operating revenue of RMB10,209 million, a year-on-year increase of 9.92%, accounting for 36.39% of total revenue, further increasing the share of retail business. Among them, the Civil Construction Materials Group, centred on users, combined industry development status with actual consumer needs to make technological breakthroughs, continuously providing consumers with innovative products with high technical content, environmental safety, and system solutions specially designed for various types of residential buildings. These solutions cover six key areas: waterproofing and moisture-proofing, wall coating, tile laying, joint beautification, sealants, and pipeline laying, meeting the diversified needs across various application scenarios. In 2024, the Civil Construction Materials Group achieved operating revenue of RMB9,373 million, a year-on-year increase of 14.58%. At the end of the Reporting Period, in order to integrate and enhance retail service capabilities and serve the C-end heavy renovation and maintenance markets more professionally and efficiently, the original retail business segment ³KRQ+RPH6HUYLFH´ under the Building Renovation Group was integrated with the "Reliable Yuhong Service" of the Civil Construction Materials Group, forming a unified C-end service platform managed by the Civil Construction Materials Group. The building coatings retail business, focusing on the core requirement of improving business quality, systematically reviewed its organizations oFdioe o68uirlit-19()ng TJETBT1 0 2 666.67 Tm 0.12 Tc[,)]TJETBT

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

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

420 invention patents, 1,187 utility models, and 290 design patents) and 19 valid oversea patents. During the Reporting Period, the Company focused on industry development, market demands, and VROYLQ ERWWOHQHFN´SUREOHPV FRQWUDLQQLQXVWULDO GHYHORSPHQW FDUULQRXW UH

e Company fo

7KH6WDWH&RXQFLOLVVXHG2UGHU1R.H[Energy Conservation and CO_2 Reduction Plan , which re q uires the promotion of energy

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WHFKRORJL

EXVLQHVV DQG ZLOO WKXV WDNH WR LQUHDVH HIIRUWV LQWHFKQRORJLFDO LQQRYDWLRQ RSWLPL]H S
VWUXFWXUHDQHSDQDSSOLFDWLRQFHQULRV

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

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

5. Main raw materials of products and their supply

The main raw materials required for the Company¶s production include asphalt, SBS modifiers, polyester base fabric, emulsion, polyether, TDI, MDI, and TPO resin, among others. The supply remains sufficient and stable. Among these, asphalt is one of the Company¶s primary raw materials. During the Reporting Period, the prices of some raw materials, represented by asphalt, remained at high levels, exerting a certain impact on the Company¶s overall gross profit margin. With a mature and comprehensive raw material procurement system, the Company has leveraged its economies of scale to establish strategic partnerships with major upstream raw material suppliers, ensuring a stable and long-term supply of key raw materials at relatively low prices to reduce production costs. The procurement department closely monitors market trends and strategically schedules the purchasing of c( )-369(s)90p4-19(l)18(y)40 420.6 Tm[ )]materiale. warios deparlients work5(ny)20( )-224ffly i

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