



Stock Code: 002271

Stock Name: Oriental Yuhong

Announcement No. 2023-062

BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO., LTD.**INTERIM REPORT 2023 (SUMMARY)****Part I Important Notes**

This Summary is based on the full Interim Report of Beijing Oriental Yuhong Waterproof Technology Co., Ltd.

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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

☒ Not applicable

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

☒ Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

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

☒ Not applicable

This summary has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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	
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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.

☒ No

	H1 2023	H1 2022	Change (%)
Operating revenue (RMB)	16,851,932,121.34	15,306,713,510.11	10.10%
Net profit attributable to shareholders (RMB)	1,334,270,475.95	966,397,039.25	38.07%
Net profit attributable to shareholders before exceptional gains and losses (RMB)	1,242,925,809.32	890,389,636.18	39.59%
Net cash generated from/used in operating activities (RMB)	-3,943,075,794.43	-6,980,368,375.70	43.51%
Basic earnings per share (RMB/share)	0.53	0.38	39.47%
Diluted earnings per share (RMB/share)	0.53	0.38	39.47%
Weighted average return on equity (%)	4.88%	3.55%	1.33%
	30 June 2023	31 December 2022	Change (%)
Total assets (RMB)	49,269,869,927.15	50,555,779,624.44	-2.54%
shareholders (RMB)	27,908,705,630.64	26,807,182,612.69	4.11%

3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

Number of ordinary shareholders		152,118		Number of preferred shareholders with resumed voting rights (if any)		0	
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Sharehold ing percentage	Number of shares	Restricted shares	Shares in pledge, marked or frozen		
					Status	Shares	
Li Weiguo	Domestic natural person	22.69%	571,332,887	428,499,665	In pledge	270,723,639	
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	11.09%	279,299,691	0			
Xu Limin	Domestic natural person	2.87%	72,269,250	54,201,937			
HFT Fortune Asset Management 2021 Employee Stock Ownership Plan of Beijing Oriental Yuhong	Other	1.96%	49,471,665	0			



Waterproof Technology Co., Ltd. HFT Fortune-Oriental Yuhong Employee Stock Ownership Single Asset Management Plan						
DCP Management, Ltd. DCP USD Fund II	Foreign legal person	1.83%	45,969,375	0		
China Merchants Bank Co., Ltd. Ruiyuan Growth Value Mixed Securities Investment Fund	Other	1.63%	41,070,120	0		
UBS AG	Foreign legal person	1.59%	40,105,617	0		
Janchor Partners Janchor Partners Pan Asian Master Fund RQFII	Foreign legal person	1.39%	34,974,679	0		



Technology Co., Ltd. in 2022 Subordinated		
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partnership policy to empower partner development and create the leading superiority of channels, and focused on implementing and refining various initiatives and implemented the business management model. By orderly mining and empowering all kinds of partners, the Company proactively expanded diversified application scenarios including the construction of transportation, water conservancy and other infrastructure facilities and urban emerging infrastructure, industrial and mining warehousing and logistics and affordable housing, gave full play to technical advantages to enrich product categories and upgrade the produce system, and increased its market share in the non-housing sector while exerting efforts in the existing construction market and developing old house renovation and urban renovation projects. The retail channel of the Company, represented by civil construction materials, continued to maintain rapid growth, and the above measures gradually released the Company from the impact of the fluctuations in the real estate industry. During the Reporting Period, always being customer-oriented, the Company focused on building waterproofing and at the same time extended its business to products such as civil construction materials, mortar and powder, building coating materials, energy-saving and heat preservation materials, adhesives, and tube materials. 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 -waterproofing businesses, such as mortar and powder, achieved faster growth, providing a second growth curve the future, and helping the Company to build itself into a system service provider of construction materials. Meanwhile, the Company actively made plans for upstream industries, such as non-woven fabric, specialized film, VAE emulsion and VAEP powder, so as to strengthen the anti-a deeper and wider moat for the Company.

During the Reporting Period, the Company continued to adhere to the strategy of prioritizing the C-end business. Civil Construction Materials Group, upholding the dual main business strategy of waterproofing and moisture-proofing systems and the tile fitting and grouting systems, continued

During the Reporting Period, the Company continued to optimize and reform channels, changed the direct marketing mindset, and attempted to win partners, including resource partners, micro-, small- and medium-sized partners and expertise partners, at full strength, with the channel sales of partners becoming one of its main selling bodies. During the Reporting Period, the Company always gave priority to partners and empowered partner development. It kept cultivating the operational management capabilities, business expansion capabilities, and engineering service capabilities of partners, and focused on imp initiatives, realizing co-creation, co-sharing, and mutual success. The Company formulated the hierarchical policies for partners by product, by sector and by region, cultivated partnerships meticulously, beefed up leading superiority, established the unified financial settlement center and the Chief Engineer Office technical support platform that serve partners, and improved partners' ability to serve customers. It also empowered the corporate operation and professional and standard construction competence of partners, enhanced partners' overall delivery capability of serving end customers, and supported the continuous development of partners. By adhering to a results-oriented approach, the Company strengthened market presence, standardized market order, and built a marketing team capable of facing challenges head-on for the benefit of business and partners.

During the Reporting Period, to sharpen standardized construction service skills and cultivate globally competitive industry technical workers so as to create a resource pool of highly skilled inter-disciplinary talent with craftsmanship for the industry and promote high-quality development of the industry, the Company continued to improve professional and systematic training and built a talent incubation base relying on the system of curriculum-competition-certificate integration. It has more than 30 vocational training branches across the country and carried out the level certification, training and examinations of vocational skills. Additionally, it held enterprise vocational skill level certification qualifications for 19 related types of work in the building materials industry, including

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National Construction Waterproofing Vocational Skills Competition for 10 consecutive years; it has held national second-class competitions, industry competitions and other vocational skill competitions for two consecutive years, such as the National Competition for the Vocational Skills of the Prefabricated Building Industry. By doing so, it cultivated and selected high-level technical



prefabricated installation method of interior decoration. Shanghai InfinShine New Material Technology Co., Ltd., a subsidiary of Wonewsun, continued to work hard on energy-saving and thermal insulation materials for industrial buildings and develop new products and new systems in H1 2023, and is committed to improving the thermal insulation, fire insulation and sound insulation performance needed by industrial buildings.

During the Reporting Period, Hongshi (Jiangsu) New Material Technology Co., Ltd. (Hongshi New Material), a wholly-owned subsidiary of the Company, put into operation the phase I VAE emulsion and VAEP powder project in Yangzhou Chemical Industrial Park, and its products can be widely used in various specialized adhesives, waterproof coatings, and tile adhesives, putty powders, thermal insulation mortar, renovation mortar, floor and other specialized mortar and building powders. It marks the further improvement of the risk resistance of the Company's supply chain, soundly safeguards the stability and cost-efficiency of the supply of some core raw materials such as emulsion, and creates a new growth point for revenue.

The Company develops, produces and markets new waterproof materials for buildings, as well as provides waterproof engineering. It is a provider of integrated construction materials 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, 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

iconic buildings such as the Chairman Mao Memorial Hall, the Great Hall of the People, the

Hong Kong-Zhuhai-Macao Bridge, the Beijing-Zhangjiakou railway, the Beijing-Shanghai high-speed railway, the Beijing-Tianjin inter-city high-speed railway and Beijing Metro. The Company



partners by improving market and credit management,
capabilities of operation and management, business expansion, and engineering services.



hardware and tube product types. In line with the core service concept of centering on customers, the Company gradually formed a one-stop building materials purchase platform for consumers, in a bid to provide consumers with a safe and reassuring living environment. For the first half of 2023, Civil Construction Materials Group registered operating revenue of RMB4,384 million, up 34.69% year on year.

1) Brand development: Civil Construction Materials Group focused on enhancing its brand influence, radiating its coverage across the region and building its brand voice. With the strategy of crowd circle expansion to empower growth, the group focused on improving the service quality and quantity of offline outlets, made outdoor advertisements more visible, expanded brand influence while actively exploring the ways to enhance brand influence, and carried out multi-dimensional publicity based on the Internet media matrix. Through the official website, WeChat public account, WeChat video account, Sina Weibo, Douyin, Zhihu, Xiaohongshu and other media platforms, the group intensified brand influence in all directions, captured online and offline wide-domain traffic, and continued to build brand influence and shape brand awareness among end users.

2) Channel development: Civil Construction Materials Group continued to cultivate lower-tier channels and improve channel operation quality to guarantee continuous, rapid and healthy channel development. It focused on weak markets, further broadened city coverage of key product categories, and strongly supported the channel expansion of new products. It highlighted dealer training and team building, helped dealers get bigger and stronger, optimized the channel structure, implemented the outlet grading system, standardized the procedures for visits and other operations, and reinforced traditional advantageous channels. Furthermore, the Company optimized the sales organizational structure, adapted to the needs of multi-product-category and multi-channel development, used the information platform for online management of sales staffers, and created a convenient and efficient management model. By the end of the Reporting Period, it had made remarkable achievements through key initiatives such as eliminating gaps, strengthening and improving distribution and expanding categories, developing nearly 700 new dealers with an annual turnover of over RMB1 million, with nearly 200,000 distribution outlets and nearly 50,000 shops. At the same time, it continued to strengthen its cooperation with decoration companies and industrial decoration companies to achieve win-win results.



The group also upgraded the operation of the exclusive store channel. Centering on product upgrading, the group launched the Premium-series new products, so that products on sale in exclusive stores were more environmental and complete. Centering on experience upgrading, the group provided premium shopping guide service and online order and local delivery service, so that consumers would have more professional and convenient experience. Centering on digital upgrading, the group built a unified retail management system and developed a strict price check mechanism, so that consumers would shop trustingly.

Through continuous expansion of the e-commerce channel, the group further met consumer demands and empowered the channel more effectively. In terms of key categories, the group developed more applicable products in light of consumer demands, and launched more DIY products mainly under the Tujiajia brand to improve consumers' DIY experience. It made available waterproofing, grouting, refresh service and hemming service on the online platform, and deepened system building, so as to provide customers with better service experience and thoroughly empower channels. In addition to mainstream e-commerce platforms such as Tmall, JD and Pinduoduo, the group opened stores and accounts in more e-commerce platforms such as Douyin for live selling, and also fully utilised the advantages of efficient online information dissemination to provide clearer product display and more efficient delivery of quality products to consumers.

3) Membership operation: The group accelerated the building of the membership operation as the core, and constructed the company-dealer-exclusive store-comprehensive operation system. Foreman members can buy products, get training and certification and exchange . Meanwhile, the group continuously organized skill contests and certification courses for foreman members, and deeply bound members to the shops in China so that they membei0BTETBT e.79 0of quality produ members9a0(that)



free anti-mould tile adhesive products, 99% anti-bacterial hemming adhesive products, anti-bacterial pipes and other innovative products, and its products received green product certification and green building materials certification on top of successively obtained China Environmental Labelling Product Certification (10 Ring), French A+ certification, German EC1plus certification, CIAA anti-bacterial certification, green product certification, green construction material certification and British WRAS drinking water safety certification.

-users, further enhancing the influence of the brand in the minds of end-consumers and effectively addressing the actual needs of end-consumers.

(2) Retail of building coatings

DAW coating retail has always adhered to the tonality and product quality and experience as a German brand in the retail business of building coatings. It has carried out systematic marketing with a focus on products and combining the German coating process. It also gives full play to the colour and function advantages of German products. In terms of environmental protection, it lthy, green and environment-and -based content of up to 30%. With respect to colours, it owns a huge colour formula system of eight million colours. With product philosophy and the 2088 color system, DAW has now become a coating brand with both a century of coating experience and the capability to meet the needs of younger consumers.

1) Through product category expansion, blockbuster product creation, German coating empowerment, etc., DAW has successfully obtained more than 2,200 distributor partners and 25,000 sales outlets.

2) With blockbuster products as a breakthrough to drive overall sales, DAW has put in place a multi-tier system for product operation and sales, building competitive edges in scenario-based product sales.



3) Supported by the color system, DAW successfully cooperated with approximately 200 leading home decoration companies and over 4,600 regional home decoration companies. Additionally, it built more than 1,700 exclusive shops in major markets nationwide. Through the aforementioned cooperation, it achieved brand publicity and promotion and attracted customers for its products.

4) In terms of brand promotion for members, DAW deeply explored new ways of Internet interaction to empower new retail. It took the lead in launching the "Rise of Members" campaign in the industry, a new brand promotion program for members, and creating profiles of member customers. Targeting professionals, the campaign helped DAW gradually secure over one million professional members. Additionally, multiple marketing methods were adopted to enhance customer stickiness and drive them to make repurchases.

(3) Building Renovation Group's Yuhong Home Delivery Service

During the Reporting Period, the Building Renovation Group's Yuhong Home Delivery Service focused on the existing market, continued to improve the service system and refine business segments, focused on primary-level communities, and is committed to opening up the last mile of Yuhong Home Delivery Service. With leakage repair as the start point of business flow, Yuhong Home Delivery Service provided diversified services, including leakage repair, refresh, door and window repair, air treatment, HVAC repair, loc



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 centered on the channel of retail dealers.

1. The engineering market consists of North China, East China and South China, focusing on the sales of the specialized companies and business divisions of professional market segments, such as railway, highway, rail transit, industrial construction, energy construction, and underground projects. Specifically, the companies of integrated operation and centralized procurement divisions are set up in provinces under the jurisdictions of North China, East China, and South China as the carriers. The centralized 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. 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, as well as developing and empowering various partners, they have enhanced local market coverage and penetration. 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, energy saving and heat preservation materials, and other businesses, providing complete building material solution packages for customers.

2. The retail channel dealer

Yuhong Home Delivery Service 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.

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The Company 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, 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

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 excessive lagged output capacity, unhealthy competition and environmental issues. 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 waterproofing market is witnessing increasing concentration towards leading companies.

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