

社会责任报告

Responsibility Report 2015

“AAA”企业社

Oriental Yuhong Corporate Social

广州东方雨虹股份有限公司

GUANGZHOU YUHONG WATERPROOFING TECHNOLOGY CO., LTD.

2015年年度报告

2015 ANNUAL REPORT



About This Report	01
Company Overview	05
Social Responsibility Management	07
Social Responsibility Management Mechanism	08
Stakeholders Communication And Participation	09
Substantive Issue Identification	14
Quality Management	15
Corporate Governance	16
Operation Indicators	16
Management Mechanism	18
Social Recognition	19
Strict Quality Control	22
International Business Operation	24
Win- win Cooperation	26
Supply Chain Responsibility Management	26
Customer Responsibility Management	28
Consumer Rights Protection	30
Let Waterproof Industry Operate Under The Sun	31
Scientific And Technological Innovation	32
Innovation Mechanism Leads Development	33
Innovation Platform Gathers Strength	35
Enhance Investment In Science And Technology, And Increase Percentage	37
Innovative Results Demonstrate Strength	37
Innovation Application Examples	38
Application Technology Research And Promotion	38
Innovative Marketing System	42
Innovative Management Mode	43
Safety Responsibility	45
Safety Management System	46
Safety Production	48
Product Safety	50
Social Security	52

Environmental Management And Performance	54
Green Production	56
Energy Saving And Emission Cutting	56
Low- carbon Emissions	57
Green Construction	59
Yuhong S tandard	59
Waterproof Engineering Mechanization	60
Green Life	62

Human Rights And Labor Practice 63

Talent Team Construction	64
Company Employees Professional Structure	64
Company Employees By Education	64
Vulnerable Groups	65
iii Fair, Just And Nondiscriminatory E mployment Policy	65
Protection Of Women's Rights And Interests	65
Vulnerable Groups Protection	66
Basic Rights And Protection	67
Basic Human Rights Protection (System, Channel)	67



ABOUT THIS REPORT

2009 2018
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Sources Of Data

Related information and data herein are from Beijing Oriental Yuhong Waterproof Technology Co., Ltd. and its wholly- owned subsidiaries or holding companies.

Report Improvement

GRI G 4
NGO

Take the "Sustainability development Reporting Guidelines"(G 4) of the G lobal Reporting Initiative (GRI) and national series standards on social responsibilities.

In the process of compilation of the report, stakeholders such as partners, employees, NGOs and others were invited to participate, and roles of the reports in stakeholders' communication and the corporate social responsibility performance monitoring are brought into play.

Compilation Basis

GRI G 4 GB/T 36001- 2015
GB/T 36000- 2015 GB/T 36002- 2015

Compiled with reference to the "Sustainability development Reporting Guidelines "(G 4), "Social Responsibility Reporting Guidelines" (GB/T 36001- 2015), "Social Responsibility Guidelines" (GB/T 36000- 2015), and" Social Responsibility Performance Indicator Classification System" (GB/T 36002- 2015) of the Global Reporting Initiative (GRI).

Language

The report is presented in Chinese and English.

Access To The Report

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The report is published only in electronic version. You can visit the company's website <http://www.yuhong.com.cn> for an online PDF version, or scan the right side QR Code to obtain the electronic edition. (Contact telephone: 010- 59526420, E mail: xiejj@ yuhong.com.cn).

C OMPANY OVERVIEW



1995

2017 " " " "

Founded in 1995, Oriental Yuhong has been dedicated to providing high- quality and improved system solutions for the construction of thousands of important infrastructure projects, industrial, civil and commercial buildings. It has grown into a leading service provider in the building material industry. Oriental Yuhong always pursues high-quality and stable development. It focuses on waterproofing services, and extends its business to upstream and downstream sectors as well as relevant industry chains. The company has formed strong building material service capabilities integrating building waterproofing, civil building materials, non- woven fabric, building coating, building repair, energy- saving and thermal insulation, special mortar, and etc. In 2017, the company has won many honors such as "China Quality Award" and "China Quality Benchmark".

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27

Oriental Yuhong holds more than 50 subsidiaries including Shanghai Oriental Yuhong , HK Oriental Yuhong, and Oriental Yuhong North American, and so on. It has 27 manufacturing, R&D, and logistic bases respectively in Shunyi District in Beijing, Jinshan District in Shanghai, Yueyang in Hunan, Jinzhou in Liaoning ,Huizhou in Guangdong, Xuzhou in Jiangsu, Dezhou in Shandong,Kunming in Yunnan, Tangshan in Hebei, Xianyang in Shanxi, Wuhu in Anhui, Hangzhou in Zhejiang, Qingdao in Shandong, Chuzhou in Anhui, Puyang in Henan, Jingmen in Hubei.

Oriental Yuhong pursues of sustainable development continuously. It promotes the scale development with science and technology advancement, product excellence, service satisfaction, and safety & environmental protection. It has been authorized to build state key lab of special- purpose waterproof material, and has established national-certified corporate technology center, academican expert work station, and post- doctoral work station, etc. Its R&D system is more and more complete, and it has built up 4 R&D centers of product, production process equipment, application technology, engineering construction technology. Oriental Yuhong established a vocational technical college, in order to improve standardized construction & service techniques and cultivate industrial workers with global competitiveness. To be in line with international level of technological research and development, Oriental Yuhong established a global excellence research center of waterproof coating in the USA.



2008

200

2000

Oriental Yuhong is responsible for solving all waterproofing problems for human beings. As a professional provider of waterproofing system solutions, Oriental Yuhong has successfully applied various of waterproofing systems to buildings, highways, urban roads and bridges, metros, urban railways, high-speed railways, airports, and water conservancy facilities. Outstanding examples are China's representative buildings, for example. The Great Hall of the People and 2008 Beijing Olympics including the Bird's Nest and the Water Cube, as well as important national infrastructure construction projects such as Beijing-Shanghai high-speed railway, and Beijing Metro. Oriental Yuhong has established long-term and stable strategic cooperation relation with more than 200 real estate developers and large enterprises including Vanke, Hengda, Country Garden and Sunac, etc. Oriental Yuhong has sold its products to ordinary families through nearly 2,000 house decoration companies and building material markets, for instance, Yezhifeng, Kuoda, Yuanzhou, Jinzhao.

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Oriental Yuhong is always making efforts to realize the dream of a "globalized Oriental Yuhong", making contribution to building a harmonious habitat for people, and fulfilling the corporate vision of "Create a permanent and safe environment for mankind and society". With the implementation of Oriental Yuhong's international strategy, the products of company are exported to more than 100 countries and regions such as Germany, Brazil, Australia, the United States, Canada, Russia, Japan, Singapore, South Korea, Central Africa and South Africa.

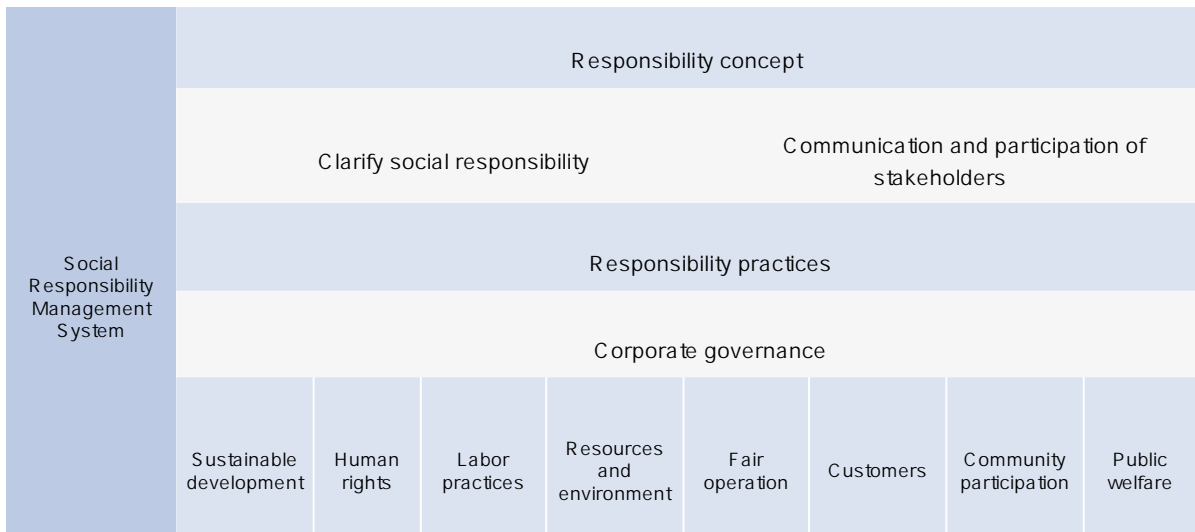




SOCIAL RESPONSIBILITY MANAGEMENT

Social Responsibility Management Mechanism

To fulfill social responsibility is the inner factor of Oriental Yuhong. Through whole system and multi-dimensional responsibility management concept, and starting from research and development, production, sales, construction and other aspects, Oriental Yuhong strives to provide much better products and services by more environmental friendly, more energy efficient, safer and more effective means, and implants the concept of responsibility into its daily production operation.



Oriental Yuhong established a social responsibility work team, whose chief is Oriental Yuhong General Manager and whose members are General Managers of Oriental Yuhong subsidiaries and divisions, directors of different centers and factories. Members work in concert to push forward the social responsibility fulfillment of their units.

Stakeholders Communication Examples

Stakeholders

2018	171	4		
	3	18	20	8
			400	298

In 2018, Oriental Yuhong made a total of 171 public notices throughout the year, of which, 4 were made on a regular basis in order to ensure investors'timely supervision and transparent operation of the company. In the whole year 2018, three shareholder conferences, 18 board of director meetings, 20 special committee meetings of Board of Director and 8 meetings of board of supervisors were convened to ensure standardized operation of the company. In addition, the company organized investor's visit and survey to the company for many times, introducing to them the company's production and operation conditions and development strategy, answering questions of the analysts about sales model, operating performance, investment growth, and research and development ability etc. At the same time, the company also answered nearly 400 telephone calls for Internet counseling from investors, and replied 298 times of Internet counseling.

Customers

2018	1248	16230	"	"
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In the whole year 2018, Oriental Yuhong had received 1248 visitor groups,16320 visitors in total. Those visitor

Society

2018 11

2010

11

In November 2018, Oriental Yuhong carried out "The 9th Unpaid Blood Donation Week". Headed by Beijing headquarters, the activity was participated in by Guangdong Oriental Yuhong, Yueyang Oriental Yuhong, Shenzhen Oriental Yuhong, Xianyang Oriental Yuhong, Jinzhou Oriental Yuhong production base, etc. Ever since 2010, voluntary blood donation has become a yearly public welfare action of Oriental Yuhong.

Employees

2018

21

2825

625

307

In 2018, Oriental Yuhong carried out 21 training programs for new employees, 2825 persons were trained including 625 persons among them are new graduates. The company organized 12 training programs for medium and high-level reserve cadres and 307 persons received the training. Regular and orderly training can help Oriental Yuhong employees make development and promotion, recognize enterprise culture, fulfill their own values and achieve their ideals of life.



2018 10

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12 31

500

Mass Organizations

1 13 2018

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On January 13, 2018, Spring Festival Expert Gathering was carried out in the headquarter of Oriental Yuhong. Mr. Zhu Dongqing, Secretary-General of China National Building Waterproof Association, Ms. Miao Yan, Vice Director of the Association, and Mr. Li Chenggang, Chairman of the Advisory Board of the Association, gathered with more than 50 experts from the building waterproofing industry. A spring festival gathering each year is a tradition of Oriental Yuhong. It shows the esteem of Oriental Yuhong toward industry experts.

The following are part of the social organizations participated in by Oriental Yuhong:

- China National Building Waterproof Association
- China Real Estate Association
- China Building Materials Federation
- China Building Material Enterprise Management Association
- China Enterprise Confederation
- All China Federation of Industry and Commerce
- China Association for Promotion of Science & Technology and Finance
- Beijing Consulting Association
- Beijing Building Materials Federation
- Innovation Service Alliance of Beijing Enterprise Technology Center
- Beijing International Cooperation Base Alliance

Substantive Issue Identification

G 4

2018

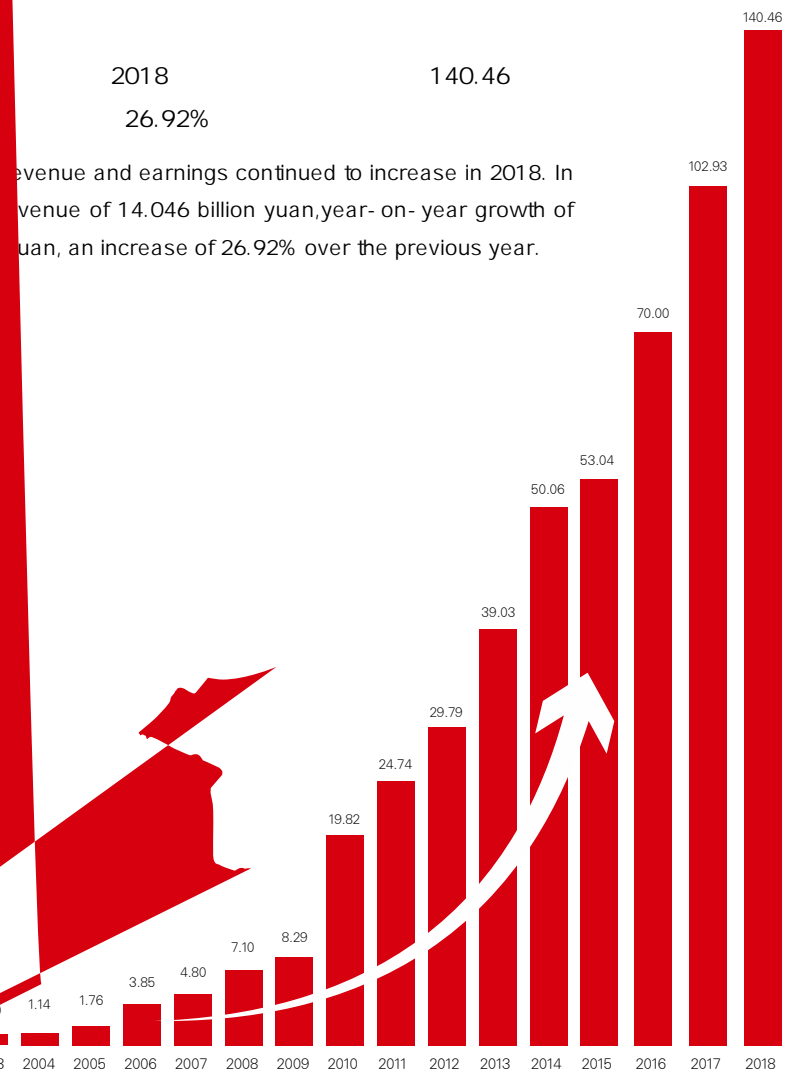
Through long- term effective communication with stakeholders, with reference to the relevant requirements of the "Sustainable Development Report Guide"(G 4), Oriental Yuhong identifies the topics for discussion from numerous stakeholders, thereby confirming the substantive issues of the social responsibility of the 2018 Corporate Social Responsibility Report of Oriental Yuhong.

Identify (Identify Issues From Numerous Stakeholders)	Issues (Topics For Discussion)
Self- media platform interaction of Oriental Yuhong	Corporate governance
Customer feedback	Energy conservation and emission reduction
Social media channels	Company operation management
Investor' s inquiry and communication	Employee relations / personnel training
Community participation	Fair and reasonable compensation system
Relevant government department supervision	Energy consumption
Industry association working conference	Shareholder's dividend
Research of industrial developmental trend	Labor protection
Staff rationalization proposal	Supply chain management
Shareholders inspection and online communication	Labor rights
	Legal tax
	After- sales tracking and services
	Supplier' s policy support
	Promote industry development



Q
QUALITY MANAGEMENT

together and goes all out to improve the internal strength, enhances marketing management and market. Oriental Yuhong has thus achieved outstanding results



Revenue and earnings continued to increase in 2018. In 2018, the total revenue of 14.046 billion yuan, year-on-year growth of 26.92% over the previous year, an increase of 26.92% over the previous year.

2018

In 2018, the economic environment saw increasing uncertainty and instability, and the overall vitality of world economy was weakening. In this background, China insists on the guideline of making progress while maintaining stability, pursue high- quality development, effectively cope with in- depth changes of external environment, push the supply- side structural reform, and keep continuous healthy economic development. But at the same time, the economy has seen changes amid overall stability. The external environment is complicated, and the economy has increased downward pressure. In the upstream industry of the waterproofing sector, raw material cost of bitumen rose, and the profitability of waterproofing enterprises were influenced. However, Oriental Yuhong kept a rapid and healthy growth against the background.

“ ”
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The whole staff of Oriental Yuhong followed the spirit of “ Basic Principles of Oriental Yuhong” , was dedicated to overcoming difficulties, made progress against the trend, and finally achieved outstanding results. The company adjusted the operation strategy to be “ Stable Operation and Stable Progress” . It put emphasis on the operation quality, put risk control onto top position, goes all out to push high- quality, healthy, and sustainable development. It is also actively upgrading itself to systematic service provider of building materials. While solidifying the business in the waterproofing industry, the company is also actively expanding its business into other emerging industries. Thanks to profound accumulation in the building material sector, Oriental Yuhong has completed the transformation and upgrade, and has won a leading position in the aspect of R&D and innovation, product quality, service capability and brand influence. Oriental Yuhong has grown into a leading enterprise proud of outstanding competitiveness and growth in the Chinese waterproofing industry.



(II) Management Mechanism

On the basis of strict compliance with the original system regulations, Oriental Yuhong further improves its corporate governance structure, complies with the social ethics, business ethics, constantly perfects the system of board of directors and board of supervisors, and improves the company's scientific management level.

Oriental Yuhong establishes general shareholders meeting, board of directors, board of supervisors, independent directors, and secretary of the board of directors system, with clear functions and powers, operation in coordination for effective checks and balances, and the board of directors consists of four special committees, namely, strategy committee, audit committee, compensation and evaluation committee, and nomination committee. Shareholders of the company exercise their powers in accordance with the company's articles of association, "Rules of Procedure of the General Shareholders' Meeting" based on the "Company Law", "Security Law" and other laws and regulations. We have improved enterprise system in accordance with laws and regulations.

Improve institutional systems



- "Company Law of the People's Republic of China"
- "Contract Law of the People's Republic of China"
- "Accounting Law of the People's Republic of China"
- "Administrative License Law of the People's Republic of China"
- "Trademark Law of the People's Republic of China"
- "Construction Enterprise Qualification Management Regulations"

On the premise of ensuring investors' return on investment, we have properly handled the relationship between investors, decision makers, managers and interest-related parties, so as to actively motivate the enthusiasm of different parties, strengthen the risk-resisting capability of Oriental Yuhong, and achieve sustainable development of Oriental Yuhong.

We have fulfilled the basic principles of Oriental Yuhong, protected the interests of investors, ensured timely, accurately, genuinely, and completely disclosure of important issues related with the company according to laws and regulations. And we have ensured the outside knows the finance, operation, and management of Oriental Yuhong in time.

We have continuously optimized the system documents of Oriental Yuhong. According to the alteration of relevant laws, the systems related with our standard operations were sorted, and some articles were improved. In addition, according to the requirements of laws and regulations, the examination and approval procedures of the Board of Directors and the shareholder conference were carried out.

(III) Social Recognition

2018

110.54

5

2018

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In 2016, Oriental Yuhong won credit from Bank of Beijing, China Construction Bank, Hongkong and Shanghai Banking Corporation Limited, Citibank, Bank of Communications, Agricultural Bank of China, China Merchants Bank, Ping An Bank, China Minsheng Banking Corp., Ltd., the Bank of East Asia, China, Bank of Ningbo, Huaxia Bank, Export-Import Bank of China, China CITIC Bank, Postal Savings Bank, Shanghai Rural Commercial Bank, China Industrial Bank, Bank of Jiangsu, China Bohai Bank, Bank of Nanjing, Beijing Rural Commercial Bank, Bank of Cangzhou, Huishang Bank, Bank of China, Bank Of Qingdao, SPD Bank. The total credit added up to RMB 11.054 billion. The company won Rank 5 rating of China Construction Bank. Oriental Yuhong and its holding companies operate sincerely and are not in arrears with the banks' interests and principals, therefore they have good credit. Oriental Yuhong was included in the list of "2018 China Good Companies" together with Alibaba, Suning and Hengda, etc.

2018

The "Third Jiemian Annual Conference" hosted by Shanghai United Media Group and Jiemian- Cailian Press released the list of "2018 China Good Companies".

2018

By virtue of excellent products and services, Oriental Yuhong has won the recognition of real estate trade unions and industry associations. Some honors won by Oriental Yuhong in 2018 are as follows:

Industry recognition	Honor
Guandong Real Estate Chamber of Commerce Netease Real Estate	Annual "Golden Supplier" of Chinese real estate industry
China Real Estate & Finance Development Association	Preferred supplier brand for Chinese real estate industry
China Real Estate Research Association China Real Estate Association China Real Estate Evaluation Center	500 No. 1 of preferred brands of Top 500 Chinese real estate developers (Oriental Yuhong) 500 No. 1 of preferred thermal insulation material brands of Top 500 Chinese real estate developers (Woniushan) 500 No. 2 of preferred foreign-invested coat suppliers of Top 500 Chinese real estate developers (Caparol) 500 No. 4 of preferred tile glue suppliers of Top 500 Chinese real estate developers (VASA) 500 Special product of preferred suppliers of Top 500 Chinese real estate developers (Oriental Yuhong Building Renovation)
CURA green real estate	Long-term partner New partner



2018

(IV) Strict Quality Control

2012

" " " "

Quality is always put by Oriental Yuhong onto the first position. Since Oriental Yuhong introduced excellent performance mode in 2012, it has established a unique "Oriental Yuhong Excellent Performance Model". Insisting on the tenets "Quality First" and "Serve Customers Wholeheartedly", Oriental Yuhong is devoted to creating good fame with high- quality products and services. Oriental Yuhong has established a preventive quality control system. Ever since the product design and development, it has established a strict management system from the establishment of product development project, laboratory test, pilot production, in- depth application research, engineering tryout to the completion of research. Production cannot start unless each procedure passes strict professional review and overall verification of production, performance and reliability.

CMA

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CNAS



Oriental Yuhong strictly carries out quality control requirements for the production process. It takes high- quality automatic production equipment as the basic guarantee, sets key process control point, and allocates management responsibility to individuals, carries out standardized job operation, so as to reduce artificial influence as much as possible. It has established a comprehensive quality monitoring system in the operation process, and by means of on- post self- inspection, special inspection, patrol inspection and random inspection over key process, it has tried its best to ensure quality stability in the production process. In order to guarantee the objectivity and fairness of product quality management, Oriental Yuhong has established perfect monitoring and management mechanism. It owns a testing company that has passed CNAS and CMA certification, and has established a product quality monitoring and management team independent from R&D department and production department, so as to separate R&D department, production department and testing department, and ensure the whole quality management system to have self- repair and correction functions. All- round quality control is ensured from the incoming delivery of raw materials, the production process, and the outbound delivery of products, so as to prevent major fluctuation of product quality.

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By virtue of preventive quality control system and third-party inspection and supervision mode, Oriental Yuhong has achieved quality control over the whole production process and guaranteed the production of products that satisfy customers' demand. Focusing on the tenet "Design is the Premise, Material is the Basis, Construction is the Key, Maintenance is the Guarantee", Oriental Yuhong has promoted the construction of waterproofing service system and comprehensive construction standardized service system, built construction service into a part of product quality, and shown powerful comprehensive strength as a waterproofing system service provider. Oriental Yuhong has taken the pursue for excellent as the beginning point of all work, continuously improved its core competitiveness in technologies, strictly controlled quality, so as to better adapt to the development trend of economic globalization, serve customers, and give back to the society with high quality. While continuously improving brand value, Oriental Yuhong is devoted to deepening quality management and control. It has actively disclosed the rejection rate and non-conformity rate of relevant products to achieve openness and transparency, and to achieve perfect quality control. Quality is the beginning point of value and esteem.

Example:

2018 6 21 11 62
 " "

300



At 11AM of June, 21, 2018, the 62nd European Quality Congress was held in Paris, France. The Congress motto was "Feel the new Quality way!" More than 300 business executives and quality professionals from Europe and around the world attended the conference. Liu Bin, Vice President of Oriental Yuhong, attended the meeting and delivered a speech as a representative of quality development and management excellence in Asia. He shared the quality management experiences of Oriental Yuhong.

(V) International Business Operation

2018

In 2018 Oriental Yuhong continued to view overseas market as an important part of international strategy and worked hard to march into the world market. According to the differentiated layout of overseas market, Oriental Yuhong made different external and internal development strategies. Oriental Yuhong established overseas R&D platform and made more and more international exchange and cooperation. So far its news has been reported by overseas mainstream media such as Yahoo and Reuters. Following the implementation of many international measures, Oriental Yuhong has expanded its influence in the international market.



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

Example :

2018

The following are some of the major international projects undertaken by Oriental Yuhong in 2018

Name of Project	Product System	Project Influence
Abidjan Stadium, Ivory Coast	SPU- 301 SPUA- 351	" Bird's Nest" stadium in Ivory Coast
Djibouti Railway	Long- fiber polypropylene geotextile, two cloth one film	98% Now 98% imports and exports of Ethiopia is transported through Djibouti port. Therefore Addisababa Djibouti railway can be said to be the lifeline of Ethiopia.
Nepal Pokhara Airport project	Long- fiber polypropylene geotextile Long- fiber polypropylene geotextile	New Pokhara is one of the largest projects built with the help of China in Nepal.
Jakarta- Bandung high- speed railway project	SPU- 361 Water- stop strip, self- adhesive waterproof board, SPU- 361	Jakarta- Bandung high- speed railway was the first project that China high- speed railway goes global from the aspect of technical standard, survey and design, engineering construction, equipment manufacturing, material supply, operation and management, talent training and comprehensive development along the railway. It plays an important demonstration effect for pushing Chinese railway, especially high- speed railway, to go global.
Juba Sudan Teaching Hospital	SPU- 301 BPS- 202 JSA- 101 APP Plastomer APP bitumen roll	Effectively improve medical service level
Maldives Airport terminal	SPU- 301 TA- 100 SPU- 301, TA- 100 tile glue	Tourist industry is always the pillar industry of Maldives, and airplane is one of major traffic means for tourists to different Maldives islands. As the builder of this project, China played an important role to the development of Maldives tourist industry.

Win- win Cooperation

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

(I)Supply Chain Responsibility Management

Oriental Yuhong's major raw material suppliers are excellent domestic and foreign enterprises such as CNPC, Sinopec, Celanese, BASF, Wacker, Basel. After years of cooperation, the company went into close strategic relationship with the abovementioned companies, and it is one of the largest clients of those enterprises.

Centralized purchasing is a major purchasing mode of Oriental Yuhong. With globalization, informatization, transparent purchase, honesty, environmental protection, and law observation as management concepts, Oriental Yuhong made win- win development with its upstream partners. The company takes incoming inspection process, procurement management process, warehouse management process, production management process, appearance inspection process, quality management process, and technology management process as the main standards of site certification of the supplier to ensure supply product quality.

“ ”

The company also introduced “fly check” (surprise check) to control product quality from the technical research and development, process control, and warehousing logistics points of view, and adopted long- term supplier access authentication system to carry on exchange and discussion in the technical aspects while ensuring product quality.

In addition, Oriental Yuhong has given great support to dealers. By virtue of clear brand positioning, forward- looking sales strategy, Oriental Yuhong has helped partners solve financing and corporate operation problems, provided perfect technological support, achieved mutual trust and mutual benefit with dealers, and made win- win cooperation with dealers.

In view of the demand by a wide range of end- consumers for high- quality waterproof products, Oriental Yuhong makes itself accessible to the ordinary homes through thousands of stores of the large- scale domestic outfit companies and building materials markets, such as Yenova, Kuoda, Easyhome, Gold etc.

Example:

Procurement Supply Center continuously improves internal service quality, and is dedicated to the informatization, high efficiency and professionalism of supply chain management. Focusing on the principle of rights separation, and targeting the minimum total cost of ownership, Oriental Yuhong continuously improves the supply chain management capability of Procurement Dept. of local plants. It optimized various management indicators and performance evaluation plans, and made result- oriented improvement of management efficiency of supply chain. Oriental Yuhong has established strategic cooperation relationship with long- term cooperating suppliers. They have jointly pushed the continuous upgrade of industry technologies and have grown into partners with common values and achieved win- win success.

27

Oriental Yuhong has 27 manufacturing, R&D, and logistic bases respectively in Shunyi District in Beijing, Jinshan District in Shanghai, Yueyang City in Hunan Province, Jinzhou City in Liaoning Province, Huizhou City in Guangdong Province, Xuzhou City in Jiangsu Province, Dezhou City in Shandong Province, Kunming City in Yunnan Province, Tangshan City in Hebei Province, Xianyang City in Shaanxi Province, Wuhu City in Anhui Province, Hangzhou City in Zhejiang Province, Qingdao City in Shandong Province, Chuzhou City in Anhui Province, Puyang City in Henan Province, Jingmen City in Hubei Province.

80	5	300
400	15	

More than 80 international production lines Annual design capacities of different production lines: 50,000 m2 waterproof rolls, nearly one million ton waterproof coat, more than 3 million ton mortar, more than 4 million m3 thermal insulation material, and 150,000 ton non- woven fabric.

2. Provide excellent professional services and system solutions

2018

The company has equipped itself with nearly one hundred technical service personnel and provides effective construction solutions according to customer needs. Details of quality professional services provided by Oriental Yuhong to customers in 2018 are listed as follows:



(III) Consumer Rights Protection

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Chinese building waterproofing market is rather complex and there are many fake and poor- quality products. To protect customers' rights and interests, Oriental Yuhong provided customers with two product authenticity inquiry ways: telephone inquiry and online inquiry. It also set up "Brand Rights Protection Department" and announced tip- off telephone. After getting tip- off information, Oriental Yuhong will make analysis and arrange special persons to make investigation and collect evidences. Then it will help law enforcement agency to crack down on fake products, so as to protect customers' lawful rights and interests.

Example :

2018	3	3	2	120
		14	9	5
	3	152.5	240	220
460 ;	800	200	2000	800
200	80000			

In 2018 three counterfeit coat workshops, 3 counterfeit roll workshops, 2 counterfeit product warehouses were cracked down upon; 120 administrative cases and criminal cases were investigated; public security department in Beijing and Wuhan accepted 14 cases and registered 9 criminal cases, take criminal compulsory measures over 14 persons, transferred 5 persons to local procuratorate, and 3 persons were sentenced; RMB 1,525 million compensation for infringement was received in total; 240 building material markets and 220 project sites were inspected; more than 800 barrels of fake coat, more than 200 packaging barrels, and more than 2,000 packaging bags, more than 800 bags of powders, more than 200 bags of tile glue and 80,000 m2 fake rolls were investigated.

(IV) Let Waterproof Industry Operate Under The Sun

“ ”

As president of the board of China Building Waterproof Association, Oriental Yuhong contributed much to the development of the industry and promoted the standardization of the industry. The concentration degree of domestic building waterproofing industry is low, and the market competition is not standardized. "Large industry and small enterprises" are still the industry development features. There are many waterproofing manufacturers in China. Except a few enterprises with high level, most enterprise feature small scale, low technology level and unimproved production techniques. There are many fake products and non- standard products in the market, and the industry has outstanding problems including outdated and excess capacity, disorderly industrial competition, and environmental problems. With powerful self- discipline spirit, Oriental Yuhong compares itself to the most excellent international peers, and tries its best to protect healthy, just and fair competitive environment for the waterproofing industry with actual actions.





S

CIENTIFIC AND TECHNOLOGICAL INNOVATION

" "

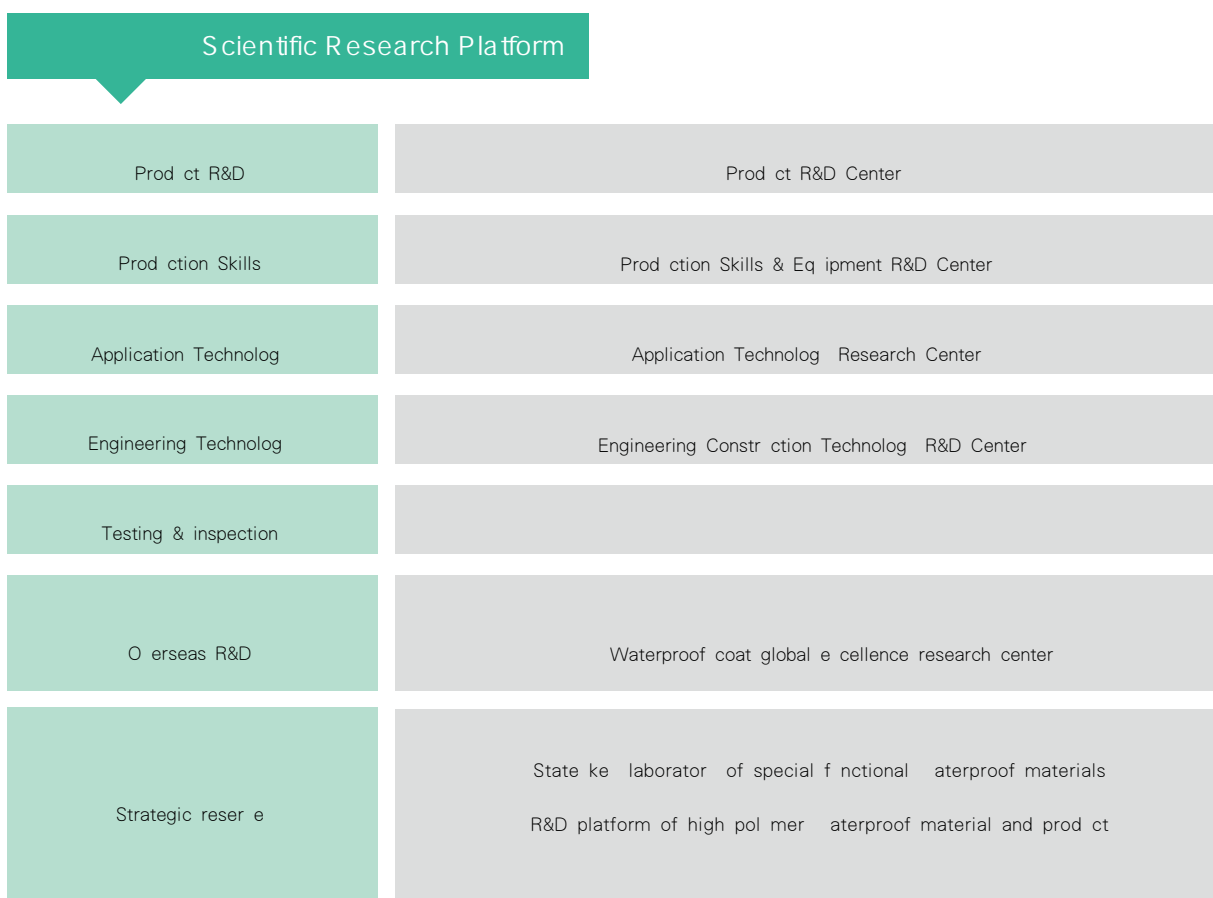
2000 800 200 80000

In accordance with company conditions and industry conditions, Oriental Yuhong took "making scientific and technological innovation; serving the country by industry development" as corporate guidance. It built up an improved scientific & technological innovation system, and carried out the concept of independent innovation concept in construction and engineering practices. On the foundation of domestic and overseas advanced innovation results, it led the industry development tendency, pushed forward industry development and improved its own and the industry's sustainable development.

Innovation Mechanism Leads Development

" 863"

By virtue of technology innovation strategy, Oriental Yuhong has established a scientific research platform integrating product research and development, production technique, application technology, engineering technology, testing and inspection, overseas R&D, and strategic reserves. It has formed a system R&D "aircraft carrier group" covering system design, material R&D, construction and skill services, and it has undertaken national projects such as national "863" plan, state key product and state torch plan, etc.





The company has founded cross- functional team, set up employee opinion box, adopted reasonable suggestions, and encouraged employees for innovation. At the same time, advocated

In accordance with strategic development plan, product quality, construction and service requirements, Oriental Yuhong has continuously identified corresponding laws and regulations and different regulatory system, in order to meet the requirements of different related parties and bring resource advantage for sustainable company development of the company.

2018 1 19

2018 8 28

Christian Hartel

Paul Lindblad

Enhance Investment In Science And Technology, And Increase Percentage

" " " "

4%

R&D investment is said to be the shortcoming of Chinese manufacturing industry. The lack of R&D investment caused low profit and overcapacity. Oriental Yuhong thinks highly of new product development, new product application technology promotion, patents, papers and technical services and others, in order to expand R&D ideas. In addition, it pays close attention to market demand, accelerates achievement transformation, and continuously improves its core competitiveness and market share. In recent five years, the average annual investment of Oriental Yuhong into innovation and technical services exceeded 4% of annual revenue.

Example :

	European Commission	2018	(World Top 2500 R&D
investors)	46	2500	2017
5170	2018		

European Commission released "2018 World Top 2500 R&D Investors", which was based on investigation over the R&D investment of 2,500 main enterprises in 46 countries and regions in the 2017 fiscal year. Oriental Yuhong was included into the list of "2018 World Top 2500 R&D Investors" with Euro 1.7 million. This is the fifth time for it to enter the list.

Innovative Results Demonstrate Strength

31 150 3 2 1 863

Important innovation projects: Oriental Yuhong corporate technology center completed 3 National Torch Plan projects, 2 national key new product technologies, 1 national 863 plan project, 31 core technologies, and 150 independently innovative products.

2018	12	31	1241	662	499	80
660	213	370	77	421		

8 PCT

Patents: As of Dec. 31, 2018, Oriental Yuhong totally applied for 1,241 patents (662 patents for invention, 449 patents for utility model, 80 design patents). 660 patents have been registered (213 patents for invention, 370 patents for utility model, 77 design patents), and 421 of them are in the application period. 8 others are applying for international patent PCT.

/ / 41

Industry standard: In recent years, entrusted by industry associations, Oriental Yuhong presided over or participated in the compilation of 41 national industry standards

Example :

2018	10	2018
"	"	"
"	"	"
"	"	"

In October 2018, Oriental Yuhong innovation projects and patents for invention were included into the list "Beijing 2018 Promotion Projects for Employee Innovation". "Special non-cured rubber bitumen waterproof coat" developed by Beijing Oriental Yuhong Waterproof Technology Co., Ltd. won the honor "Innovation Promotion Project"; "Flame-retardant non-cured rubber bitumen waterproof coat and its preparation method" developed by Beijing Oriental Yuhong Waterproof Technology Co., Ltd., "An early-strength polycarboxylate superplasticizer for the use of prefabricated part and its preparation method" by Oriental Yuhong Civil Building Material Co., Ltd., "A monocomponent thixotropic PU waterproof coat" by Xuzhou Woniushan New-type Waterproofing Material Co., Ltd. were included into the list of promotion projects of innovative patents for invention.

Innovation Application Examples

(I) Application Technology Research And Promotion

1000

Situated in Shunyi, Beijing, Oriental Yuhong Application Technology Center occupies an area of 1,000 . It has Application Technology and Basic Subject Comprehensive R&D Department, Component System R&D and Promotion Department, Technological Support Service Department, and Comprehensive Management Department

2018

In view of the performance of different products, the company conducted pertinent technological innovation. The following are the main experimental topic projects that are currently developing and have completed in 2018 in the aspects of main products and construction systems by the company:

• •

2018 5

In May 2018, the release meeting of Oriental Yuhong "Intelligent Manufacturing: a New Era of Mechanical Construction with Hotter Man" was held in Shanghai. Leaders of Greenland Group and Zhenro Group unveiled two new products of Oriental Yuhong: Hotter Man Zandra and Spanker.

Example :

Zandra

40

Zandra is an automatic thermo- melting roll paver. It can achieve intelligent control over different parts by virtue of control units. The product is applying for more than 40 intellectual properties.



Example :

Spanker

Spanker is a small- sized automatic thermo- melting welder for special purpose of waterproof joint construction. It can achieve intelligent control over different parts by virtue of control units.

Oriental Yuhong is an industry pioneer leading the transformation from manufacturer to system service provider. On the basis of helping enterprise keep the current business and framework with mechanical and intelligent transformation, Hotter Man helps the building of a perfect intelligent equipment group, enriches digital operation system and builds a sustainable and lively enterprise.

" " " "

10

Oriental Yuhong connects and combines technology, products, management and services. On the basis of informatization and industrialization, in order to improve enterprises' sustainable competition advantage, Oriental Yuhong has continuously achieved self-transcendence in the "whole supply chain management collaboration system of product unique identity".

SAP 10000 DMS DMS



+

SRM

LIMS

By virtue of the advantage of Internet + Oriental Yuhong has achieved collaboration with suppliers, and achieved the

1 Example 1:

CRM

"

The construction of digital marketing platform is put onto the top position of informatization construction. Customer simulation experience, CRM customer relation management system, dealer business management system, mobile application and Wechat are integrated with the platform, in order to achieve zero-distance communication between enterprise and customers. The interaction degree and range between enterprise, market and customers are thus highly expanded. By virtue of the construction of IT system and integration of different systems, Oriental Yuhong has improved internal management, increased the internal management and improved office and decision making efficiency of different departments, so as to bring more convenience to customers. While winning customer approval, it has also expanded market share. Oriental Yuhong was honored "Informatization and Industrialization Integration Pilot Unit" by Ministry of Information Industry, and has become one of the first batch of enterprises that passed informatization & industrialization integration evaluation in the whole country.

2 Example 2:

" + "

"

"

Oriental Yuhong put forward "platform + startups" operation and management ideas. On one hand, it is devoted to building company platforms, including high-efficiency building of public guarantee system integrating brand, R&D, production, logistics, warehousing, market, HR and finance. On the other hand, it works on attraction and cultivation of frontline operation group (startups and partners), to ensure them to fight bravely and able to fight. It is not only a reform of management method, but also a reform of concepts of talent. It helps achieve long-term combination of individuals and organization, helps them grow together, undertake responsibilities and share values. This is an effective mode adapted to modern market economy development.



Safety responsibility

Safety which is never minor matter is basic guarantee of company operation. The company abides by the working principle "safety and prevention first", carries out safety responsibility system, so as to avoid all safety misadventure. Oriental Yuhong has set the safety management principle that the whole staff shall participate in safety management. It goes all out to improve safety management system, establish safety systems, organize safety education and training, improve safety

Safety Management System

In accordance with national safety monitoring & management laws and regulations, Oriental Yuhong strengthened safety system construction, and revised and improved some safety management systems, including "Safe Production Responsibility System", "Safety Education Management System", "Safety Inspection Management System", "Safe Production Reward & Punishment System", and "Dangerous Chemical Safety Management System", etc. It also elaborated the safety responsibility.

1 Example 1:

Oriental Yuhong Production Logistics Base Detailed Safety Management System

Production Safety Responsibility System	Fire Operation Management System	Potential Safety Hazard Screening System
Education Safety Management System	Occupational Health Management System	Clean and Self-discipline Management System
Production Safety Inspection System	Accident Work Injury Report Processing Management System	Oriental Yuhong Factory Entrance-Exit Management System
Production Safety Award and Punishment System	Safety Utilization of Fire Protection Management System	Factory Security Linkage Management System
Labor Protection Supplies Management System	Safety Utilization of Electric Power Management System	Limited Operation Space Management System
Hazardous Chemical Materials Safety Management System	Fire Accident Emergency Management System	Production Operation Center Security Punishment Management Regulations
Equipment Safety Management System	Chemical Leakage Emergency Treatment Management System	Production Operation Center Accident Work Injury Treatment Management
Special Operation Safety Management System	Foreign Construction Safety Management System	Production Operation Center Employee Safety Credit Score Evaluation Management Regulations
Height Operation Safety Management System	Training, Interns Safety Management System	Employee Traffic Safety Management System
Smoking Bans Management System	Forklift Safety Management System	Helmet Wearing Policy
Management measures for the safety of in-plant cargo transportation	Management System of Changes	Management measures for static and anti-explosion safety

2 Example 2:

"Environment and Safety Responsibility System of Manufacturing Center"

" " "

In accordance with national laws and regulations, Oriental Yuhong has specified different positions' functions and responsibilities of environmental protection and work safety, in order to prevent environment and work safety misadventure. Staff on different positions shall undertake legal responsibility for any dereliction of duty or accident. Insisting on the principle "Production Management Must Include Safety Management, Business Management Must Include Safety Management, and In-charge Manager must be Responsible for Safety Management", Oriental Yuhong strictly carries out work safety responsibility system. According to the principle "Life-long Responsibility System", if any person has illegal action on the post and the bad effect arises after he/she leaves the post, and the action leads to criminal case, administrative punishment, environmental accident or safety accident, he/she will not be exempted from accountability and will be given the same punishment as on-post employee. Even if the responsible person resigns or retires, Oriental Yuhong will reserve the right of calling the person to legal account.

3 Example 3:

After Oriental Yuhong Safety Information Management System was used in different production and logistics bases, it has improved the technology, systematicness and convenience of safety management, and has achieved resource sharing in system management.

4 Example 4:

Multi-level safety meeting management system has been built by Oriental Yuhong and has been put into operation. Oriental Yuhong has built and implemented safety competition system focusing on process indicator and initiative indicator. It has integrated accident prevention into daily work and highly stimulated the enthusiasm of different production and logistics bases, which has seen excellent achievements.

Each system and each provision or clause is to be implemented and put into effect in every department, workshop, construction site, and post. Each year, the company shall review the suitability and effectiveness of the various systems and operational procedures, and at the same time amend the relevant items of non-conformity, so as to further improve the various rules and regulations.

Safety Production

“

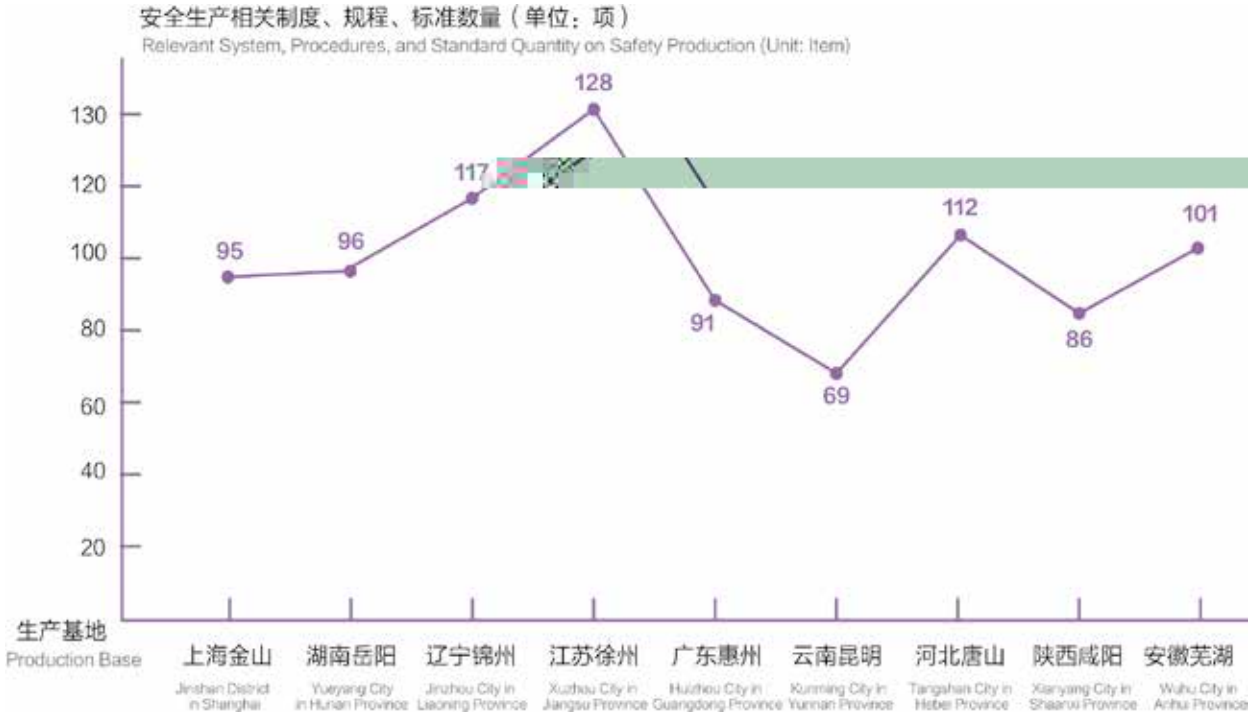
”

HES

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

To ensure the fulfillment of safety management system, the company has set up the specific safety management department in different production bases and arranged professional safety management persons.

Oriental Yuhong established a consolidated safety management team, with safety management directors of different production bases as team members and production & operation director as the leader. The team is responsible for safety management of different production bases. Long-term coordination mechanism was set up, and safety information and resources were shared. Members worked together to ensure the accomplishment of safe production objective of the whole production & operation system.



1 Example 1:

4 11

Different production & logistics bases of Oriental Yuhong initiated work safety activity from April to November 2018. Work safety month activity aims to give work safety training to safety officer and employees on key posts, let customers pay more attention to work safety and improve their crisis response capability. In order to ensure work safety, the whole staff must improve safety and environmental protection capability, insist on safety development and environmental protection, effectively prevent the occurrence of safety accident, and continuously improve work safety level.

2018 " "

1.

CE CTC CRCC

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

2.

2. Liquid bitumen and emulsion are stored in sealed tanks and transported with sealed pipe, thus ensuring air insulation. In the product preparation process, safety protection measures shall be fulfilled to avoid hidden risks that the product may bring to workers in the workshop.

3.

3. The product packaging accords with safety standard, and the sealing has no hidden risk of leakage. Material Safety Data Sheet is pasted to the product. It clearly notifies customers how to ensure safe storage, safe transportation, and safe use, as well as safety instructions and emergency measures.

4.

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

5.

5. Manage the safety of product quality through billboard pull system, use 2D code for entry and exit of the warehouse management, realize first-in and first-out of materials, improve efficiency of material flow, and achieve full-course product quality tracking.

6.

6. The company has established a product traceability system. The said system endows each product with an ID code, capable of all-round tracking of progress of the life cycle of the products. By scanning the ID code of the product, query the production workshop of each specific product, production shift or workshop, R&D person-in-charge of production technology of product, product packaging, and product life cycle etc, monitor the cycle progress of each product, and eliminated, to a certain extent, the application of fake and inferior products in construction.

Social Security

As an important social organism, enterprises should carry out normal enterprise operation in economic and social activities while focusing on social security. The followings are relevant measures implemented by Oriental Yuhong to ensure social security:

1.

1. The "Oriental Yuhong Basic Law" is strictly promoted and carried out throughout the company from top management to bottom work staff, defining clearly that the company shall abide by the business standards and code of ethics, obey all the laws and regulations, and respect social customs and religious belief.

2.

2. The company specified the responsibilities of on-post staff over the safety of society and community. Any behavior endangering public security is strictly prohibited.

3.

3. Oriental Yuhong strengthened public safety education for employees. It banned employees from illegal

4.

5.

6.



R ESOURCES AND ENVIRONMENT

To leave a green environment to our descendents, Oriental Yuhong tried its best to reduce environmental affect caused by its operation, production, and construction. With energy- saving and emission- cutting concept, technology and management system, the company continuously increased energy utility rate and efficiency, made circular use of resources, and built itself into an economical and eco- friendly enterprise.

Environmental Management And Performance

2018

"

"

In 2018, Oriental Yuhong continued to push forward dailyization, systematization and standardization of environmental management with "green production, low- carbon, environmental protection" as direction, further quantify environmental management performance for concrete evaluation of the environmental impact

1 Example 1:

60

VOC

Shanghai Plant invested RMB 600,000 to increase eco- friendly photocatalytic equipment, for better control of VOC treatment

2 Example 2:

19

Tangshan Plant invested RMB 190,000 to increase online monitoring and alarm device to the chimney of bitumen roll workshop. Once the smoke indicator is below standard, production reduction will be carried out instantly, to ensure environmental protection, health, and safety of the neighborhood.

3 Example 3:

13

26

Xuzhou Plant invested RMB 130,000 into the transformation of sewage pipes in the plant, and invested RMB 260,000 into online sewage monitoring system.

4 Example 4:

118

15

VOC

Wuhu Plant invested RMB 1.18 million into the transformation of sewage treatment system in the plant, to ensure outlet water up to standard. It also invested RMB 150,000 into the upgrade of VOC treatment, to ensure environmental protection, health and safety of the neighborhood.

5 Example 5:

118

15

VOC

Wuhu Plant invested RMB 1.18 million into the transformation of sewage treatment system in the plant, to ensure outlet water up to standard. It also invested RMB 150,000 into the upgrade of VOC treatment, to ensure environmental protection, health and safety of the neighborhood.

If the electrostatic plate is improperly cleaned, fire may be caused. By virtue of improving electrostatic plate cleaning method, Wuhan Plant highly improved the cleaning efficiency and effect, reduced the corrosion of cleaning to the electrostatic plate, reduced the change rate of the plate, and better protected employee health and safety.

6 Example 6:

200

RTO

Puyang Plant invested more than RMB 20 million to build RTO exhaust treatment device, to ensure the emission of bitumen fume can hit or be higher than the standard.

7 Example 7:

300

2 15T/h

0.5

1

5.46

Tiandingfeng Non-woven Fabric Co., Ltd. invested RMB 3 million to build two new 15T/h gas-fired boilers; invested RMB 5,000 to install metering device at the sewage outlet. It spent RMB 10,000 to entrust qualified unit to dispose waste lubricating oil, and invested RMB 54,600 for the maintenance of online boiler monitoring device.

Main Energy Saving And Environmental Protection Indicators Of Various Production Bases Of Oriental Yuhong In Operation

Project	tce/ Production Value Per Unit Consumption (tce/RMB 10,000)	Chemical Oxygen Demand (COD) Emission (Ton)
Laixi City in Shandong Province	0.073	0.057
Jinshan District in Shanghai	0.052	0.979
Yueyang City in Hunan Province	0.056	0.804
Jinzhou City in Liaoning Province	0.081	0.04
Huizhou City in Guangdong Province	0.040	0.398
Xuzhou City in Jiangsu Province	0.093	0.035
Kunming City in Yunnan Province	0.085	0.022
Tangshan City in Hebei Province	0.37	0.066
Xianyang City in Shaanxi Province	0.078	0.83
Wuhu City in Anhui Province	0.0296	0.57
Hangzhou Jiande	0.104	0.046

Green Production

(I) Energy Saving And Emission Cutting

5S

Oriental Yuhong carried out 5S management and lean production continuously in different production bases. Through rectification, production sites became clean and orderly, and production processes became safe and highly efficient. At the same time, the company strengthened system management, to ensure it standard, scientific and highly efficient.

1.

1. According to production techniques, it made statistics over basic energy consumption data, edited different energy consumption control and management measures for various products, achieved energy consumption reduction and reduced unnecessary energy waste.

2.

120 45

10%

2. It increased stop valve to the boiler's high- position oil sink, which transfers hot oil in the pipe to the high- position oil sink, causes thermal loss and so the temperature decreases from 120 degrees to 45 degrees. By this means, the gas consumption is saved by 10% .

3.

37kw, 22kw, 40%

3. The original circulating self- priming pump is changed for high- efficiency centrifugal pump, and the motor power is adjusted from 37kw to 22kw. The motor energy consumption declines by 40% .

4.

2 55kw

50%

4. The pneumatic conveying back blow system in the painting workshop was transformed. The pulse was increased. Previously two 55kw air compressors were needed, but now just one is needed, thus saving energy by 50% .

5.

55

20

5. Thermal protection measure was taken over the top of the bitumen preparation tank, to reduce thermal loss. Previously the surface temperature of the tank is 55 degrees. After thermal protection measure was taken, now the temperature of the tank top declines to 20 degrees. The thermal loss is severely reduced.

(II) Low- carbon Emissions

" "

Producers must be responsible for the waste caused in the production. In accordance with this principle, Oriental Yuhong carried out environmental evaluation, increased environmental investment, unified production site management, and strengthened control and treatment on pollutants and wastes, to reduce influence on community and surrounding ecological environment.

2018

Major Investment Into Energy Saving And Environmental Protection By Oriental Yuhong In 2018

Items	Measures	Investment (RMB 10,000)	Results
Prevention	Prevention and test	265.9286	Pollution prevention
8.6 8.6 Solid waste	Solid waste treatment	272.22	Zero emission
	Activated carbon, caustic soda flake	14.635	Filtering, to meet local environmental standard
Air	Boiler and chimney transformation	542.38	2015 Reaching the 2015 latest air emission standard of Beijing
	Bitumen gas treatment	751.23	2015 Reaching the 2015 latest air emission standard of Beijing
Water	Domestic and production sewage treatment	1221.08	Outlet meets regulations
Power	Equipment thermal insulation and lightning	230.0977	Energy saving
Noise	Noise reduction equipment	91.4555	Hugely reduce noise
	Vegetation	528.4684	Meet "Regulations on Urban Vegetation Construction"
Others	Accident emergency pool	202.4042	Reduce environmental risk
	Surrounding environment treatment	29.4	Improve surrounding ecological environment
Total (RMB 10,000)		4149.2994	

Green Construction

Oriental Yuhong strictly abides by the following building principles: reducing site disturbance, respecting local environment, paying attention to climate, saving energy, reducing environmental pollution, increasing environmental quality, carrying out scientific management, and ensuring construction quality, so as to minimize construction disturbance and influence to the surrounding environment

(I) Yuhong Standard

Oriental Yuhong was the first enterprise that put forward the concept of standardized construction. By integrating standardized construction and scientific management and other concept, it has formed a whole chain of standardized services. Oriental Yuhong provides improved pre- post waterproof technician training, standardized construction process, clean and safe construction environment, strict and transparent construction management

Standardized construction of Oriental Yuhong has benefited customers and led the industry. Its quality standard was continuously improved, and got high recognition of customers.

Example:

2018 12

" 2018

In December 2018, China National Building Waterproof Association and China Building Waterproofing magazine carried out the election of "2018 Science and Technology Award of Building Waterproofing Industry Engineering Technology Award (Jinyu Award)". Thanks to technological innovation, construction process innovation, engineering management and application effect, Oriental Yuhong won two golden awards and one silver award. This was the fifth consecutive for Oriental Yuhong to win the golden "Jinyu Award".

(II) Waterproof Engineering Mechanization Construction

CO NOX

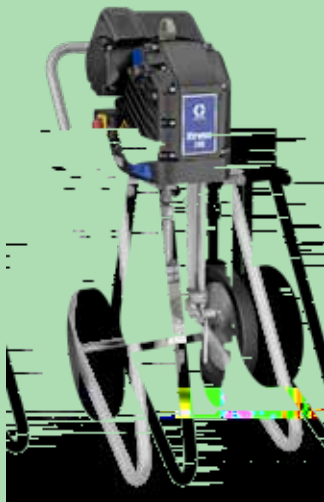
Hotter Man thermo-melting waterproofing roll paver independently developed by Oriental Yuhong adopts premixed combustion mode to improve the combustion efficiency and ensure CO and NOX-free emission. The paver has light weight and small volume. In addition, Oriental Yuhong is equipped with multiple types of mechanical construction equipment, which effectively improve work efficiency and reduce the energy consumption of artificial operation.

" "

" Rainbow Whirlwind " non-cured rotary heating device

33

With self-owned intellectual property, the device features simple structure, light weight and convenience. The total weight is 33kg. Under the device, there are universal wheels easy to move. The digital temperature control system boasts accurate temperature control and high precision. The device features constant-temperature rotary heating. At the same time, the material will not be overheated and carbonized, and its performance will not be influenced.



X-treme Z 45

GRACO X-treme Z 45 electric waterproofing sprayer

40

It applies to the spray of PU, non-cured waterproof material, polymer modified cement-based waterproof material, and bitumen, etc. The sprayer can provide smooth and stable spraying width. Compared with manual spraying, the sprayer can improve the surface coating quality, and reduce crack, bubble and reworking. And the artificial cost saves 40% compared to manual roller. Meanwhile, the operation is convenient.



H - xp3

10.6L/min

GRACO Xtreme sprayer is imported from the United States. The equipment has reliable quality. The pressure and spray ratio are stable and its service life is long. It applies to waterproof coat such as polyuria and polyurethane foam. The flow rate is high, the construction efficiency is high, and the max flow is 10.6L/min. The equipment has complete functions, including warning, alarm, protection and monitoring measures for pressure deviation and overheating.

Shot blasting machine

It cleans the laitance on the surface of the base, improves the adhesion between waterproof layer and concrete base. The cleaning efficiency is higher, the number of operators is low, and it's easy to achieve mechanization. there is no need to use compressed air, and large- sized compressed air station is not necessary. Moisture will not be created when cleaning the base. The self- carried de- dusting device ensures no dust

In promoting mechanization construction, Oriental Yuhong pays attention to the integration of practice with training, organized many times construction competition and field training, and promoted companywide mechanization construction.

Green Life

2018

"

"

In 2018, the company actively advocated living effectively "bitter days, hard days, and lean days". Reforming the management, saving the energy and increasing the quality and efficiency of the company has been the constant magic weapon of an enterprise to be industrious and thrifty in management. Sub-branches of Oriental Yuhong carried out training and practices related to hardworking, thrifty and study, to cultivate an active atmosphere.

"

"

The company carried on "Be A Noble and Polite Employee of Oriental Yuhong" activity, advocating the concept of thrift and environmental protection throughout the company, and through employees' self-discipline and self-motivation, improve the personal quality of employees of Oriental Yuhong, and maintain a sunny and progressive attitude of a collective atmosphere.

"

"

The company launched the activity of "Be healthy and lively Oriental Yuhong persons". It advocates adequate exercise, healthy weight management, giving up smoking. The company would give certain award to employees who succeeded in health management with self-discipline.

"

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HUMAN RIGHTS AND LABOR PRACTICE

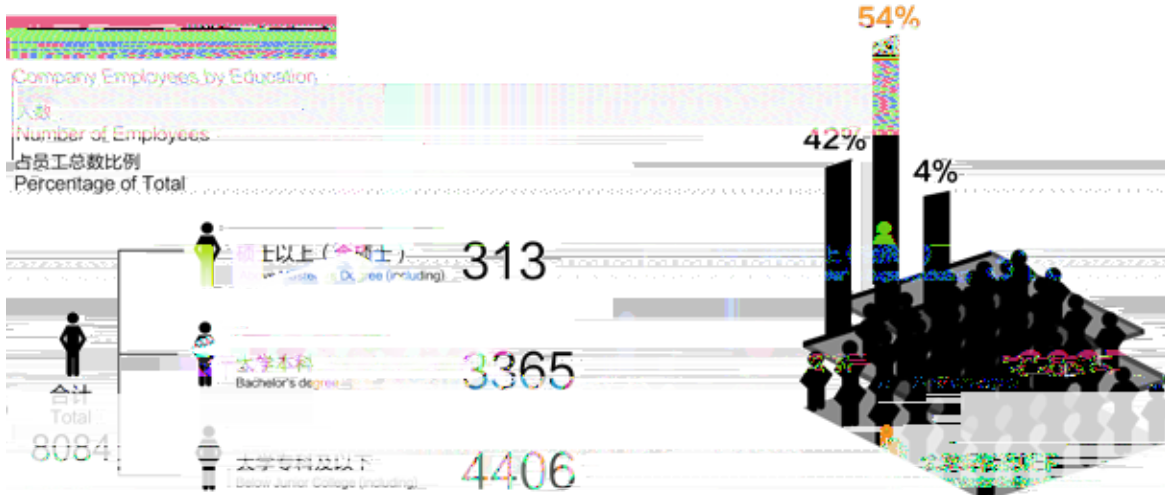
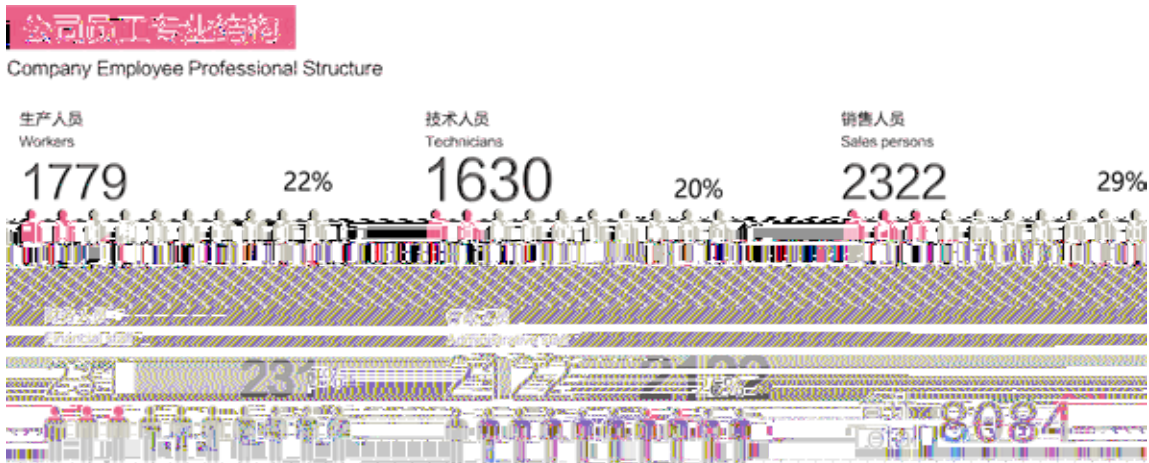
2018

Employees are the most precious resources and wealth of an enterprise. Oriental Yuhong treasures the value of its employees highly. Adhering to the enterprise tenet of "for the country, for the society, for customers, for employees, for the shareholders", in combination with the company's developmental stage, industry features, and talent structure characteristics, Oriental Yuhong exerted efforts to explore relevant, practical approach, sparing no efforts to maintain the legitimate rights and interests of its employees. In 2018, the company created internal and external border-less communication channels, highlighted protection for the rights and interests of vulnerable groups, and strengthened security, environmental protection, and occupational health management. At the same time, it built a multi-dimensional and solid employees care system, implemented diversified staff incentive policies, straightened out all employee career development channels, continuously promoted their growth and development, continually improved employee satisfaction, made great efforts to guarantee the realization of rights and interests of the employees, rewarded employees and contributed to the society wholeheartedly.

Talent Team Construction

500

Oriental Yuhong puts the people-centered development philosophy into practice, it plans to recruit 500 recent university graduates each year, introduces American scientists, extensively absorbs excellent talents from both home and abroad, and won the national and provincial "Thousand Talents Program" award. The company adheres to its practice of retaining talent through the cause, through benefits, through the environment, and through emotional attachment, optimizes its talent team structure, and jointly promotes the lasting foundation of enterprise development.



Vulnerable Groups

(I) Fair, Just And Nondiscriminatory Employment Policy

308 3.58%

The company complies with the international convention on labor and human rights, abides by the "Labor Law of the People's Republic of China", "Labor Contract Law of the People's Republic of China" and "the Trade Union Law of the People's Republic of China". It advocates recruitment policy of equality and non-discrimination, prohibits any acts of discrimination in recruitment, compensation, benefits, and promotion, gives fair treatment of employees of different nationality, race, and cultural background, fully respects the habits and customs of employees of all nationalities, respects employee's rights to freedom of religious belief, focuses on promoting employment of women and minorities, and continually creates for employees a just, fair, harmonious, and humanistic working environment. At present, the company has 308 minority employees, accounting for 3.58%.

(II) Protection Of Women's Rights And Interests

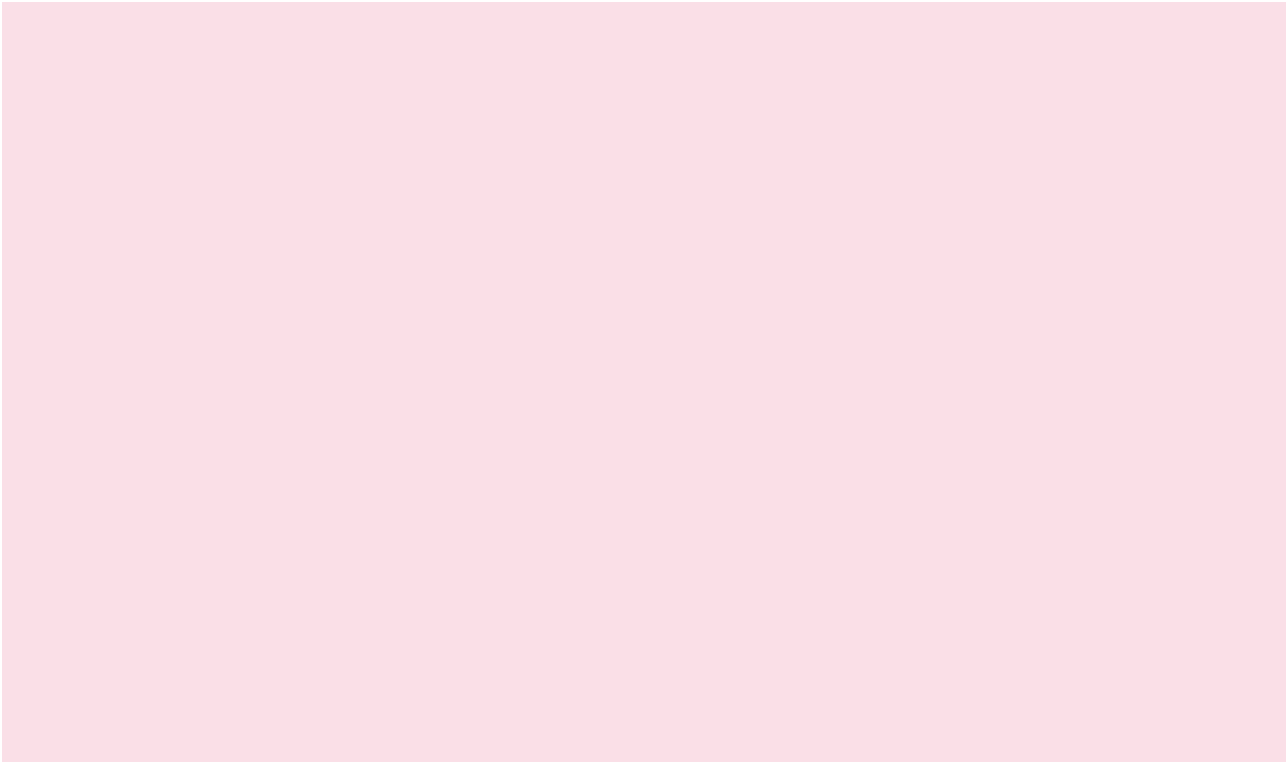
22.55% 2018 12 31 1940 30%

Women's rights are one of the important rights of the human rights. The company respects female employee career development, practices equal pay with equal post for both men and women employees, women employees enjoy completely equal political rights, and under equal conditions, promotion favors female employees. As of December 31, 2018, the total number of female employees reached 1,940, accounting for 22.55% of the whole staff. The ratio of female employees in key decision-making meetings such as trade union management meeting and employee representative conference reaches 30%. Female employees enjoy equal rights and positions.

" "

100% " 3.8"

The company cares for women employees' physical and mental health, strictly abides by the relevant state provisions, fully guarantees female employees "3- period" holidays, strictly prohibits female employees from participating in the 4th grade heavy manual works, strictly prohibits female employees from cold water and low- temperature operation during menstrual period. Considering the special needs of female employees, in connection with hospital suggestions, during the different



Basic Rights and Protection

(I) Basic Human Rights Protection (System, Channel)

Oriental Yuhong has established strict human resource management system, strictly prohibiting and resisting the recruitment of any form of child labor, strictly avoiding the occurrence of forced labor, as a result, the phenomenon of recruitment of child labor and forced labor has never occurred so far.

“ ”

2018

The company advocates "border-less communication" concept, and actively builds internal and external no-boundary communication channel. Employees may report all kinds of human rights issues or problems that they have encountered or may possibly occur across departments, cross-posts, cross-regional via office software, enterprise email, petition, report box and other kinds of online and offline channels. To the impeachment and petitions of employees, the company will investigate and deal with in time, and each investigation will reach its conclusion, and will never delay. In 2018, there is no, not even one, report of a case of violation of human rights or petition have occurred.

(II) Upholding Of Labor Rights And Interests

The company has set up Trade Union organization in accordance with relevant provisions. At the same time, the company has set up business committee to encourage employees to actively participate in enterprise innovation, business management, to listen to the voice of the operation front line, and respect the rights and interests of employees at the grass-roots level.

“ ”

The Trade Union has set up labor dispute mediation committee and labor dispute mediator team, adheres to its practices of deep engagement with employees, listens to their voices through various channels, answers carefully hot, difficult and focus issues of their concern. To the major issues or problems reflected by employees, the Trade Union adheres to the principle that "consulting must be replied, complaints must be dealt with, and processing or treatment must have a result".

Employees' labor relation, salary & benefit, labor protection, work time, holiday system and other events that are in close relation with employees' interests are discussed by employee representative conference strictly in accordance with related policies and regulations. The conference fully listened to opinions and adopted suggestions of the staff, then negotiated, announced, and specified them in collective contracts.

(III) Employee Satisfaction

2018

Oriental Yuhong continuously introduces consulting agencies to make investigation on employees' satisfaction. In 2018, centering on key factors influencing employees' satisfaction, including fair opportunity, development space, cultural atmosphere, salary & benefit, Oriental Yuhong made the investigation on the satisfaction degree of different levels of employees via office system and Wechat APP. The investigation identified key factors influencing employees' satisfaction, specified detailed improvement measures, and practically increased employee satisfaction.

Employment And Recruitment

(I) Employment Guarantee

100%

Oriental Yuhong established and improved labor system and standardized employment management. 100% employees signed labor contracts. The company improved the system of posts to meet market demands and corporate development demands continuously. It also established competitive employment system and gradually optimized employment structure, to avoid overuse of part-time laborers and guarantee employees' benefit.



2018

1086

1086

Remuneration And Incentives

The company boasts a perfect compensation incentive system. Based on its post value evaluation and the principle of remuneration level marketization, the company defines its salary according to post, once the post changes, the remuneration will adjust accordingly, gives priority to efficiency, renders remuneration according to performance, takes count of justice; and at the same time, conducts regular salary review and adjustment, gradually improves all forms of medium and long- term incentives, strives to provide employees with stable, attractive, and relatively more perfect compensation system, and enjoys together the achievement of enterprise development.

2018

10%

Even in economic downturn in 2018, Oriental Yuhong still raised the salaries for the whole staff. Average salary growth was about 10%, and the salary increase inclined toward grassroots employees. Oriental Yuhong is devoted to cultivating technicians with leading technologies, and is devoted to creating first- class craftsmen.

1400

2018

2

1

Oriental Yuhong carried out equity incentive policy toward middle and higher management, key businesspeople and technicians. When incentive targets meet requirements, two- period equity incentive will be given to them. One thousand four hundred persons were awarded the incentive. In 2018 there were two times of equity unlocking and one time of equity re- purchase and cancellation. Equity was given to the employees who work hard.

Furthermore, Oriental Yuhong has improved social insurance and housing provident fund systems. It paid insurances for employees' endowment, medical treatment, unemployment, employment injury, maternity and housing provident fund, with coverage for all the employees. Meanwhile, the company specially bought accident insurance for employees who went on business trip throughout the year. It also bought accident and commercial insurance for employees who went on business trip of training or group activity. Make employees work comfortably and feel free to go on business trip.

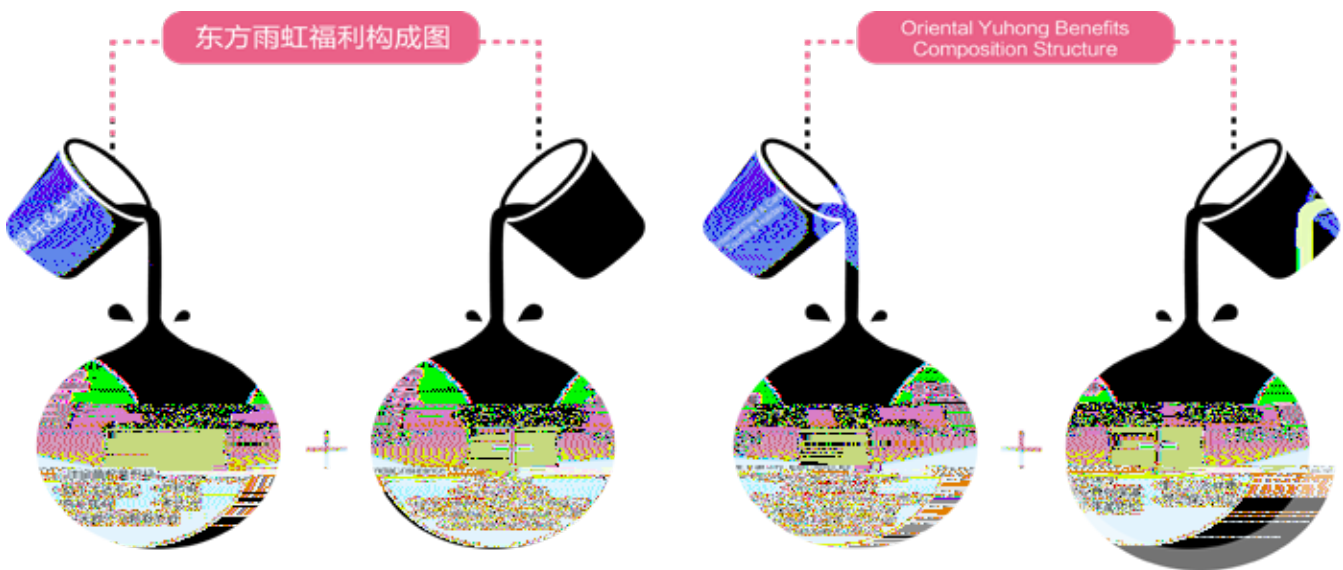
2018

In 2018, on the basis of the annual assessment for excellent and advanced units and individual employees, the company supplemented the category of quarterly- star commendation, according to which, advanced collectives and individuals with outstanding performance and fast growth in terms of engineering, technology, management, function, and sales etc., would be commended, and the awards were conferred especially to that front- line personnel fighting at the grass- roots level and ordinary sales personnel who had always set new records.

Welfare Benefits And Care

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Oriental Yuhong treats employees as family members, committed to building four welfare care systems, included life & assistance, health & safety, entertainment & care, tourist & holiday, etc. For each significant day, Oriental Yuhong always tries to achieve "love, no miss". On staff birthday or wedding day, the company sends them birthday gift, new wedding gift money at the earliest time possible; during Mid- Autumn Festival, the Dragon- boat Festival, Spring Festival and other traditional festivals, the company holds all kinds of employee activities and distributes gifts; during the Spring Festival every year, the company also, with full gratitude, extends its sincere greetings and New Year's gift to the parents of employees. The company gives rewards to employees whose children are admitted to key universities.



Work And Life Balance

2018

14

The company pays attention to balancing the work and life of employees, advocates "Happy Work, Healthy Life" concept, strives to create conditions to enrich employee's life outside of the eight working hours and to improve the well-being of their work. Strictly carries out employee paid-leave system, supports the free combination of a variety of holidays, and facilitates employee's free travel with leisure. In 2018, the corporation revised annual vacation management method for employees. It lengthened employees' annual vacation to 14 days, higher than the vacation length required by the state.

2018

In 2018, the company continued to hold cultural and art festivals and sports games, and carried out various kinds fellowship activities with strategic partners to promote employee cross-border exchange; set up Oriental Yuhong Senior Management Basketball League, while having physical exercise, strengthened communication between employees and the leadership, and improved its team cohesion and centripetal force.



Health and Safety

(I) Occupational Health And Safety Management System

Oriental Yuhong put employees' health and safety on top position, set an improved occupational health & safety management system boasting of systematic safe operation flow and operation specification. It established responsibility system for security guard, identified and checked dangerous source at workshop, laboratory and other sites at regular intervals; It also organized periodical physical examination on occupational disease for operators in related areas, set up file of employees' occupational health, and created work environment and labor conditions advantageous to employees' health.

2018

182

Oriental Yuhong periodically arranged physical examination for the whole staff every year. It designed various physical examination schemes in accordance with employees' differences in sex, age, job nature, medical history. In 2018, the company paid a total of more than RMB 1.82 million for the physical check-up of employees.

(II) Labor Protection

The company has established standardized labor protection system, equipped with perfect labor protection articles and safety construction tools, conducted regularly practical operation and theoretical training, helping them master the standard operation procedures, proper use of protective equipment and individual labor protection articles, thereby enhancing their selfprotection skills.

In addition, the company also pays attention to creating safety culture atmosphere and building a safe occupational environment. At the production site, there has been set up with occupational health and safety warning marks; Oriental Yuhong carried out periodical inspections over harmful substances such as dust, noise and poison, and entrusted qualified occupational health service providers to make health inspection over the posts which may be detrimental to occupational health. It upgraded and transformed labor protection facilities against dust, poison and noise, discarded outdated techniques and technologies, and improved work environments of construction sites.

2018

(IV) Mental Health

The company has brought mental health management into its daily management work, focusing on employee psychological change, took the initiative to grasp the mental state and psychological conditions of different employees at different periods, carried out correctly human resource configuration and transformation, helped employees solve their physical and psychological pressure from fierce market competition, assisted them in alleviating anxiety, and promoted employees' mental health.

Oriental Yuhong reduced and eliminated the factors which may cause occupational psychological health problems, and established positive and healthy work environment. On the one hand, it improved work environment hardware; on the other hand, it improved work environment software through organizational transformation, leadership training, team construction, job shift, and career planning.

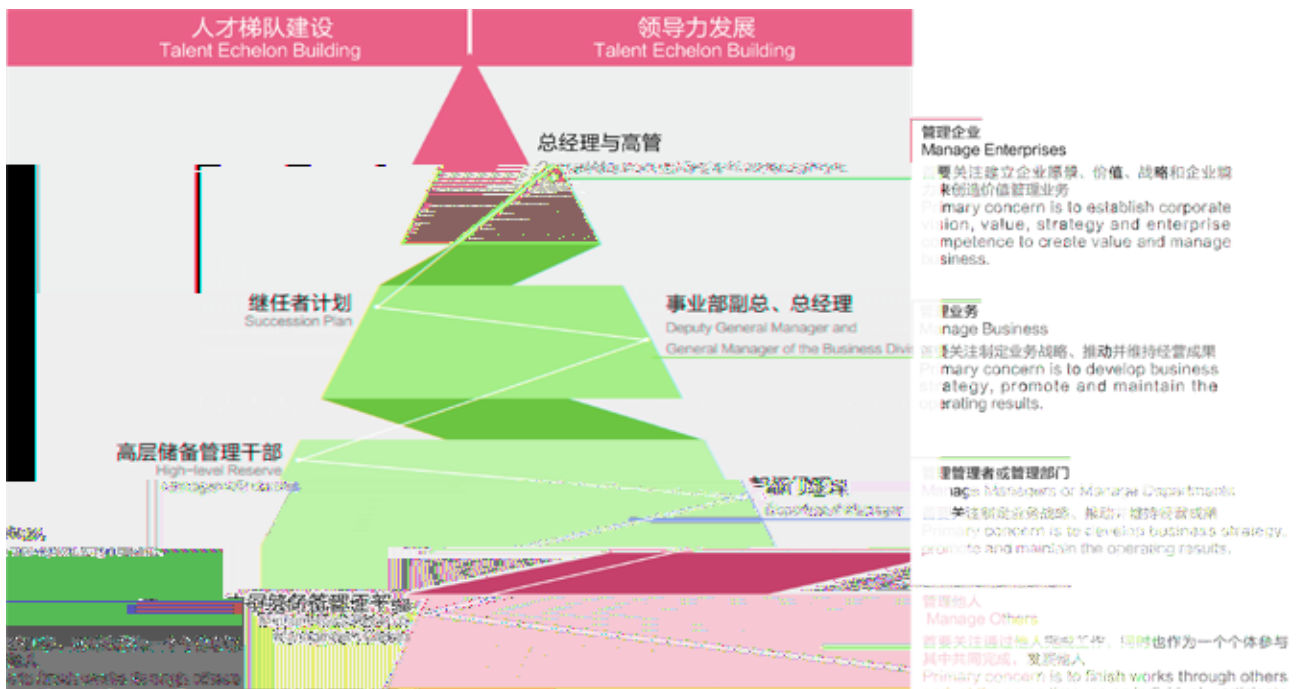
Development And Training



Adhering to the concept that employees and enterprise make cooperation and joint development, Oriental Yuhong starts from overall employee development, provides opportunity for employees to further improve techniques and knowledge, promotes enterprise development with employees' personal development, and drives employees' self-value improvement with enterprise development. A colorful internal training system combining new employees, management cadres, professionals and partners was built up. In addition, Oriental Yuhong established "Oriental Yuhong Vocational Technical College", to give systematic training to constructors.

Oriental Yuhong Training System

Training plan	Target	Content
Six-level talent cultivation system	Grassroots, mid-level and high-level managers	Training for the improvement of general and professional capability of different levels of managers.
	Different levels of reserve managers	Training for the improvement of general and professional capability of different levels of selected and cultivated reserve talents
Professional Sequential Training	Whole staff	Training system is set for professionals, e.g. sales, engineering, manufacturing, R&D and marketing persons. It covers corporate culture training, professionals' knowledge and skill training
General Ability Training	Whole staff	E - Learning G Corporate culture training and general work skill training are made by virtue of E - Learning, G live stream, and offline training.



公司人才梯队与领导力发展
Company Talent Team and Leadership Development

Oriental Yuhong established employee learning integral system and employee tutor mechanism, regularly encouraged employees to participate in occupational title and mid- and high- level occupational title certification. Preferential policy such as paid holiday and certification expense reimbursement will be given to employees who are preparing for the certification. When making promotion, priority will be given to the employees who study actively and are able to study, and award will be given to outstanding students.

G E - learning

Flexible training method: employees can make expansion exercises, theoretical learning and practices by G live, E - learning and offline case sharing and discussion.

Professional teacher resource: the company and waterproof expert association and colleges carry out strategic cooperation to regularly invite experts and scholars to give lectures. In addition, Oriental Yuhong established internal teacher cultivation and certification system to accumulate rich reserve of teachers.

Tailor- made training: the company gives training according to job levels, occupational titles and different professional positions.



Diversified Training For Different Persons

Training target	Training form	Training objective
Managers	Lectures by internal and external lecturer; practice after class	Corporate culture identity, improve leadership, expand horizons etc
Non- management	On- position training: internal sharing by teachers	Corporate cultural identity, improve professional skills
Partner	Lectures by internal and external lecturer	Corporate culture recognition, product knowledge, and construction process.

Example:

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In order to make new graduates know the culture, concept and corporate values of Oriental Yuhong, Oriental Yuhong gave 14-day training to them. Fresh graduates from different colleges were sent to Xuzhou, Tangshan, and Huizhou to have practical training. By virtue of classes and visit to the production bases, the understanding of students about the production status of production bases was intensified.

2018

In 2018, the company introduced professional consulting unit and, in view of the employees' personal characteristics and in connection with the needs of the Group development, broke through the transverse development channels between different sequences, improved the path of the various sequential career development, established an open, fair and orderly career development environment. The company has a total of 5 major career groups, 26 sub-sequences, providing more opportunities and a wider platform for comprehensive career development of employees.

Based on the assessment method combining qualification standard, occupational development planning, and competency model, Oriental Yuhong encouraged employees to make job rotation and promotion through normal development, internal competition, and special appointment.

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Strengthen performance feedback and improvement, take quarterly employee performance interview and talent team



The original career developmental path of the sequence of operation is promoted mainly through management sequence,



S TRIVE TO BE AN EXCELLENT CORPORATE CITIZEN

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In recent years, Oriental Yuhong has always adhered to its objective of duty first, actively advocated and participated in public welfare and charity undertakings, took its field of operation as the key field for routine public welfare support, and worked hard to build itself into a first-class enterprise with a high sense of corporate social responsibility. The company organized regularly unpaid blood donation, actively carried on "serve citizens, refuse leakage" public welfare activities, provided the vulnerable groups with free waterproofing maintenance, supported environmental protection undertakings, and actively plunged itself into social public welfare and charity undertakings in joint hands with its employees.

Public Benefits Propagation

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2009	"	"	"
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Ever since the beginning of 2009, Oriental Yuhong has carried out the public benefit activity "Serve Citizens, Refuse Leakage" for 10 consecutive years. Waterproofing knowledge was publicized to dozens of thousands of citizens, and waterproofing science manuals were sent to them. Insisting on the corporate mission "to create a permanently safe

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Oriental Yuhong supported local army and extended its regards to local fire brigade.

In summer, Oriental Yuhong dispatch staff to extend their regards to local fire brigade. They brought cooling and refreshing gifts to firefighters. Firefighters always work on the firefighting frontline and always put the people's life and security onto top position. The activity showed Oriental Yuhong's respect to firefighters and strengthened the close relationship between the army and Oriental Yuhong.

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Oriental Yuhong won "2018 Annual Responsible Brand for Public Benefit"

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On January 14- 15, the "8th China Public Benefit Festival & For Love" ceremony was held in Beijing. With "Public Benefit Creates a Beautiful World" as the theme, this public benefit festival was initiated by public media in order to carry forward the spirit of public benefit, advocate public benefit activity, and build a multilateral platform for in- depth discussion, cooperation and communication.

Transmission Of Love

Oriental Yuhong took social responsibility as its own responsibility. The company paid back the society with education support, environmental protection, culture promotion, and social care. It implemented social responsibility with practical actions, promoted harmonious and steady development of enterprise and society, integrated social responsibility into corporate development, and combined corporate culture construction with social responsibility. It called different circles to devote themselves to public welfare and contribute to the creation of a healthy life environment

1 Example1:

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Oriental Yuhong organized "Donation for Love" activity for ill employees.

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On January 31, 2018, Oriental Yuhong organized the fourth donation activity for an ill employee - - R&D engineer Xu. Oriental Yuhong leaders visited him, and gave RMB 400,000 from "Oriental Yuhong Care Fund" to the engineer's family, to show the care of the company. Leaders visited the sick R&D engineer Xu. Previously in the "Easy Fund Raising" activity, relatives, colleagues and people from all circles donated RMB 500,000 in just two days.

2 Example2:

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Laixi Oriental Yuhong carried out an activity "Along with Public Benefit".

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Laixi Oriental Yuhong Public Benefit Group actively carried out "Oriental Yuhong Along with Public Welfare" activity with their spare time. It extended regards to the people in old people's home, and sent hand- made dumplings to them.

3 Example 3:

Oriental Yuhong has set up a scholarship and gives subsidy to outstanding students and poor students.

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From 2008, Oriental Yuhong has set "Oriental Yuhong Scholarship for Beijing University of Chemical Technology" in order to help poor students and excellent students to finish college, and to promote college- enterprise exchange and cooperation in technology and talents. Every year about 30 students got the scholarship. In August 2018, Tiandingfeng donated RMB 200,000 to Linyi First Middle School. It was the seventh scholarship given to the school Since "Tiandingfeng Scholarship" was set, it has donated scholarship to poor students and excellent students for seven times in order to encourage those students make advancement and express thanks to hard- working teachers.

Conclusion

Oriental Yuhong owes all its business success and progress to our time, to our country, to the generous and selfless support of our customers, and to the deep care and love of our society. Always having a thanksgiving heart and always caring about the people has been the basic features of the culture of Oriental Yuhong, and also the criteria that Oriental Yuhong always upholds and embraces in its pursuit of corporate social responsibility.

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—— Li Weiguo

