



2023

Riyue Heavy Industry Co.,Ltd.

**Environmental, Social and  
Governance (ESG) Report**



STOCK CODE: 603218

# ABOUT THIS REPORT

## Report Introduction

This report, issued by Riyue Heavy Industry Co., Ltd. (also referred to in this report as "Riyue", "the Company," or "we"), represents our 2023 Environmental, Social, and Governance (ESG) Report to the society. It encompasses all stakeholders of Riyue and adheres to the principles of objectivity, standardization, and transparency. The report truthfully discloses Riyue's responsibility practices towards shareholders, customers, partners, employees, and other key stakeholders in 2023, along with the Company's efforts in the ESG domain, aiming to meet stakeholders' expectations and better fulfill our social responsibilities in the future.

## Reporting Period

This is an annual report covering the period from January 1, 2023 to December 31, 2023 unless otherwise specified. To enhance the comparability and completeness of this report, part of its data and content can be traced back to previous years.

## Reporting Scope

Unless otherwise specified, the report includes information of Riyue Heavy Industry Co., Ltd. and its wholly-owned and holding companies in the ESG domain, with an information boundary consistent with the Company's annual report.

## References

This report is prepared in accordance with the Guidelines of the Application of Self-Regulation Rules for the Listed Companies on the SSE STAR Market No. 1 – Regulated Operation by Shanghai Stock Exchange (SSE), the CASS-ESG5.0 issued by Chinese Academy of Social Sciences (CASS), and the GRI Standards released by Global Reporting Initiative, taking into account the specific situation of the Company in fulfilling its social responsibilities.

## Data Sources

Unless otherwise indicated, all information and data referenced in this report is based on the statistical reports and relevant documents of the Company, as well as the ESG information on the basis of statistics and audit by the Company. Unless otherwise indicated, all monetary amounts are listed in RMB for this report.

## Assurance of Reliability

Riyue guarantees that the report is free from false records, misleading representations, or material omissions, and the Company is responsible for the completeness, accuracy, clarity, balance and comparability of its content. This report was approved at the Sixth Meeting of the Sixth Board of Directors (Board) of the Company on April 23, 2024.

## Access to the Report

This report is available in Chinese. You can download its electronic version and acquire more information on corporate social responsibility from the official website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the official website of Riyue Heavy Industry Co., Ltd. ([www.riyuehi.com](http://www.riyuehi.com)). For any further inquiries or suggestions on this report and the Company's ESG work, please contact us via:

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## MESSAGE FROM CHAIRMAN

Hardships forge a lively spirit and achievements point towards a new journey. 2023 is the year to fully implement the spirit of the 20th National Congress of the Communist Party of China, marking the commencement of comprehensively advancing the Chinese-type modernization. Faced with complex and volatile domestic and international economic situations and increasingly severe environmental challenges, we have always remained true to our original aspirations. Working together with all stakeholders, we actively fulfill our responsibilities as a corporate citizen with the mission of "leading the widespread use of clean and renewable energy to make a crucial contribution to the green and sustainable development of humanity", striving to achieve a win-win scenario that delivers both economic and social benefits.

We implement the new concept of "innovative, coordinated, green, open and sharing development," paying close attention to ESG management by integrating ESG development concepts into our corporate planning and organizational management systems. We endeavor to practice ESG action targets and climate change-related management with clear implementation pathways, standardized management processes and professional execution levels. The Company actively seizes development opportunities in the wind energy industry, steadily advances the construction of the "Desert, Gobi and Wilderness" large base, accelerates the development of floating units and deep-sea wind turbine projects, and reduces energy consumption and pollutant emissions, laying a managerial foundation for achieving the "dual carbon" strategy.

We adhere to the policy of "safety first, prevention foremost, and comprehensively governed," implementing workplace safety responsibility systems at all levels to advance safety target management and enhance intrinsic safety, with the accident rate reduced year by year and the occurrence of occupational diseases eliminated. The Company continuously strengthens employee care, broadens channels for employee development, consistently improves working conditions, and provides employees with competitive compensation and benefits. It emphasizes technological innovation, strengthens talent recruitment, conducts technology research and development centered around market demands, and actively promotes the transformation of achievements. The Company actively collaborates with upstream and downstream partners in the supply chain to jointly promote high-quality development in the industry. It also participates in public welfare activities of local communities, contributing to social development through its actions and sharing the fruits of the Company's growth.

We implement a corporate governance philosophy, which is "investors' needs-oriented and compliance-based," and continuously refines and optimizes our governance system. The Company persistently drives process reengineering and cost optimization, enhancing management efficiency while further improving the profitability of its casting products, values the protection of shareholders' rights and interests, strengthens communication with investors, and actively responds to market concerns.

Time to set sail against the east wind and green mountains. 2024 marks a pivotal year for implementing the "14th Five-Year Plan" and also marks forty years of the Company's journey through challenges and hardships. The Report of the 20th National Congress of the CPC highlights "actively and prudently promoting carbon peaking and carbon neutrality" as a key to foster green development and promote harmonious coexistence between human and nature. We will continue fulfilling our social responsibilities actively, practice the ESG development concept, integrate ESG principles deeply into the Company's operations and production, empower the Company through ongoing technological innovation, create value for investors, contribute to the country's high-quality development, and support global green and sustainable development.

Chairman of Riyue Heavy Industry Co., Ltd.

**Fu Mingkang**





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# COMPANY PROFILE

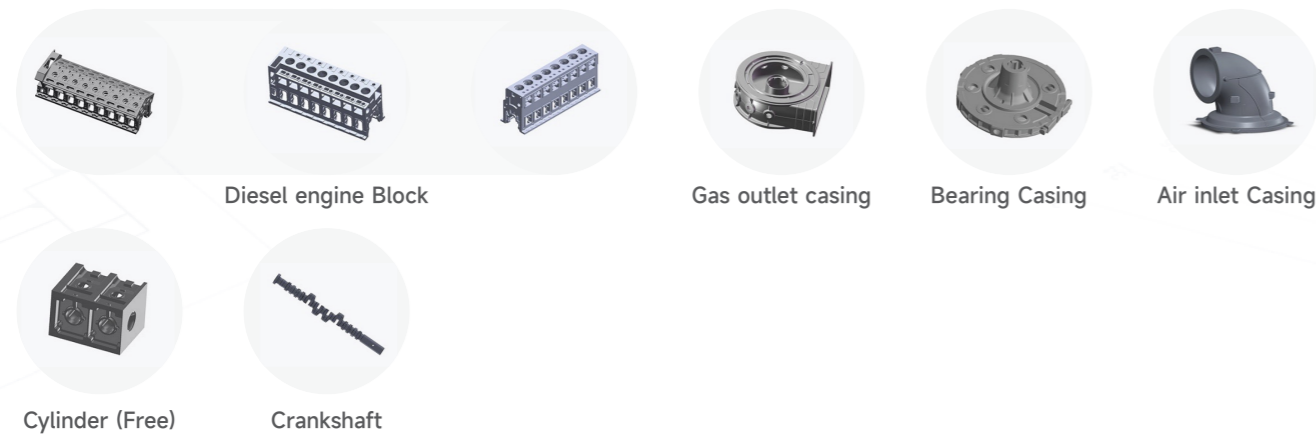
Riyue Heavy Industry Co., Ltd. was established in December 2007, originally founded as Ningbo Yin County Tinplate Factory in 1984. Since its inception, the Company has been dedicated to the research, development, production and sales of large heavy industry equipment castings. Its main products are large wind turbine castings and core castings for injection molding machines. In December 2016, the Company went successfully listed on the Shanghai Stock Exchange, with the stock code 603218.

The Company's products include wind turbine castings, plastic machinery castings, diesel engine castings and machining center castings, which are used in various fields such as energy equipment, general machinery and marine engineering. While focusing on expanding and strengthening its two main product lines of wind turbine castings and plastic machinery castings, the Company has also made breakthroughs in nuclear power equipment applications and alloy steel research through its technology in ductile iron with thick cross-sections. It has been actively promoting a multi-field layout and forming a unique competitive advantage in the heavy industry equipment sector. Riyue is committed to becoming a leading supplier of basic materials for the global high-end equipment industry and high-end equipment components. Its production operations are characterized by "small batches, multiple varieties, and high flexibility," offering tailor-made solutions that provide high-end and high-quality castings for industries such as energy, marine engineering, general machinery and high-speed rail vehicles.

The Company strives to build a "low-carbon, environmentally friendly and harmonious" high-tech heavy industry enterprise, aiming to be a leader in promoting the widespread use of clean and renewable energy and making a crucial contribution to the green and sustainable development of humanity.

## MARINE HEARY INDUSTRY SOLUTIONS

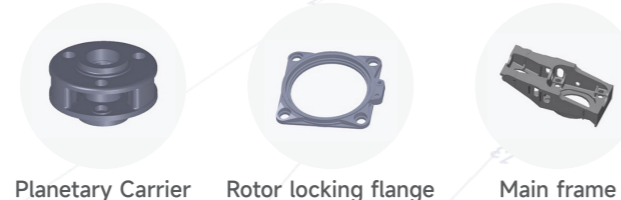
### • KEY BASIC COMPONENTS OF DIESEL ENGINE



### • KEY COMPONENTS FOR THE MARINE

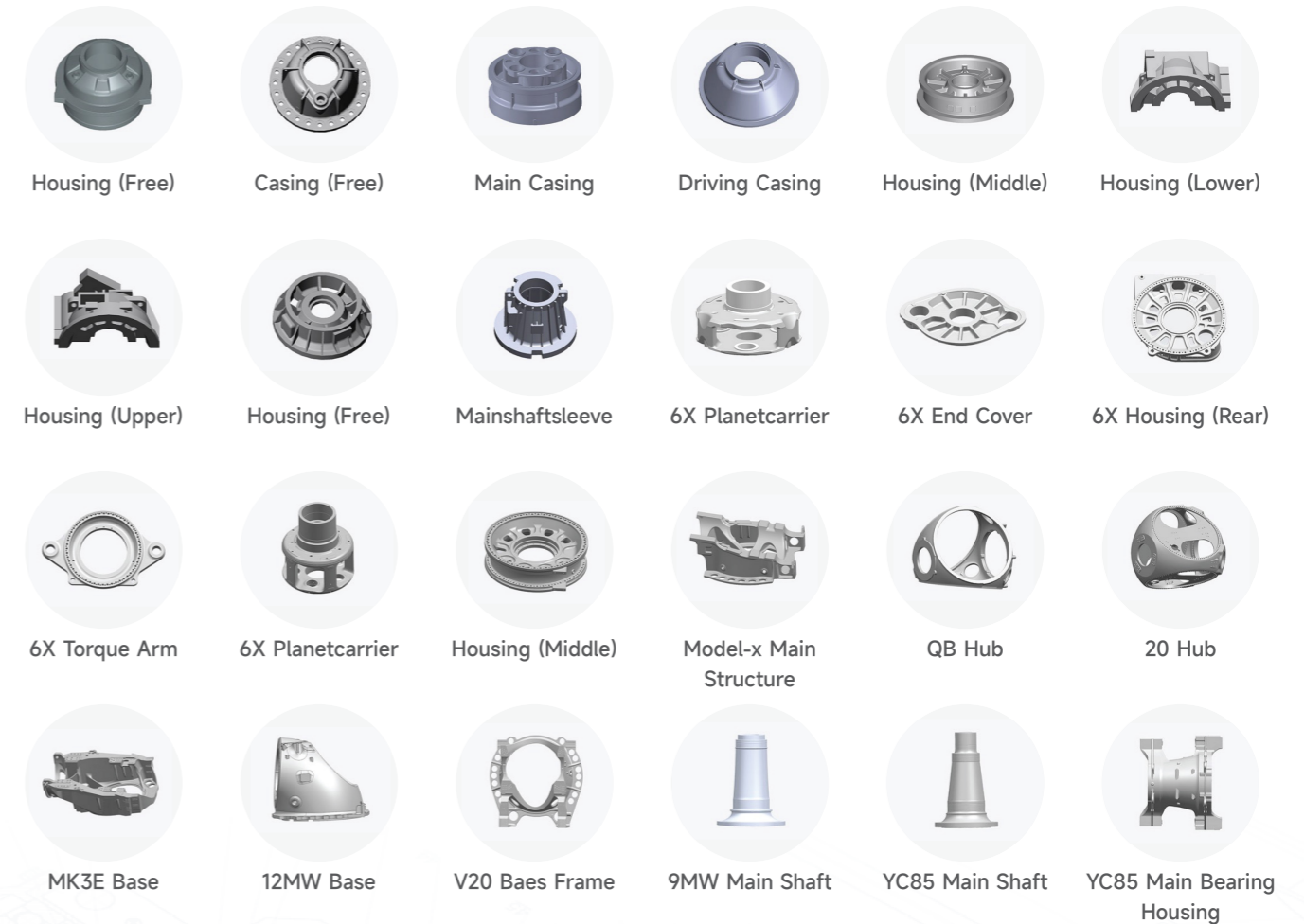


### • KEY COMPONENTS FOR WIND TURBINE



## THE SOLUTIONS TO ENERGY INDUSTRY

### • KEY COMPONENTS FOR WIND TURBINE

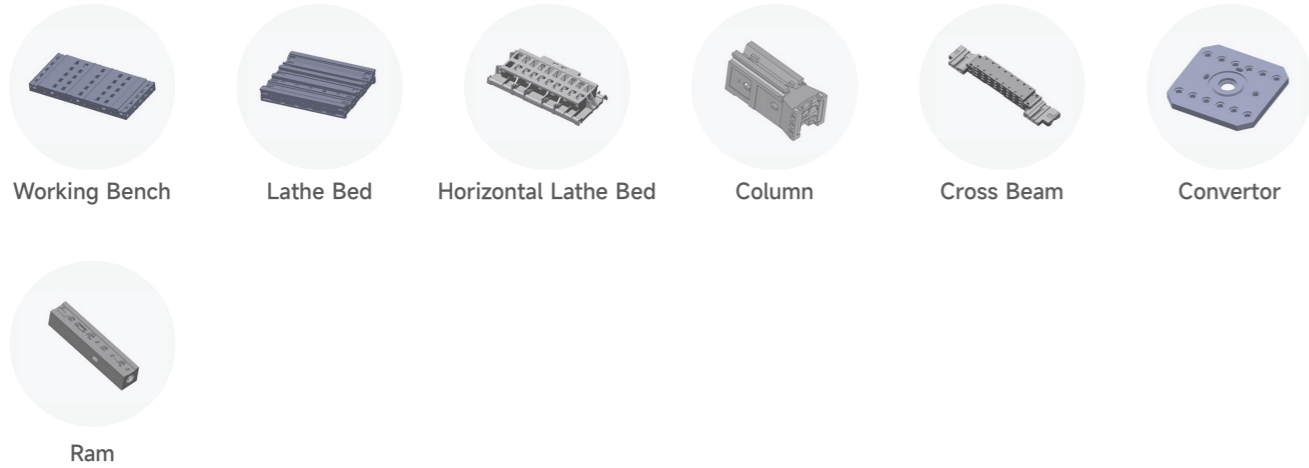


### • KEY COMPONENTS FOR THERMAL POWER,NUCLEAR POWER GENERATOR MACHINES

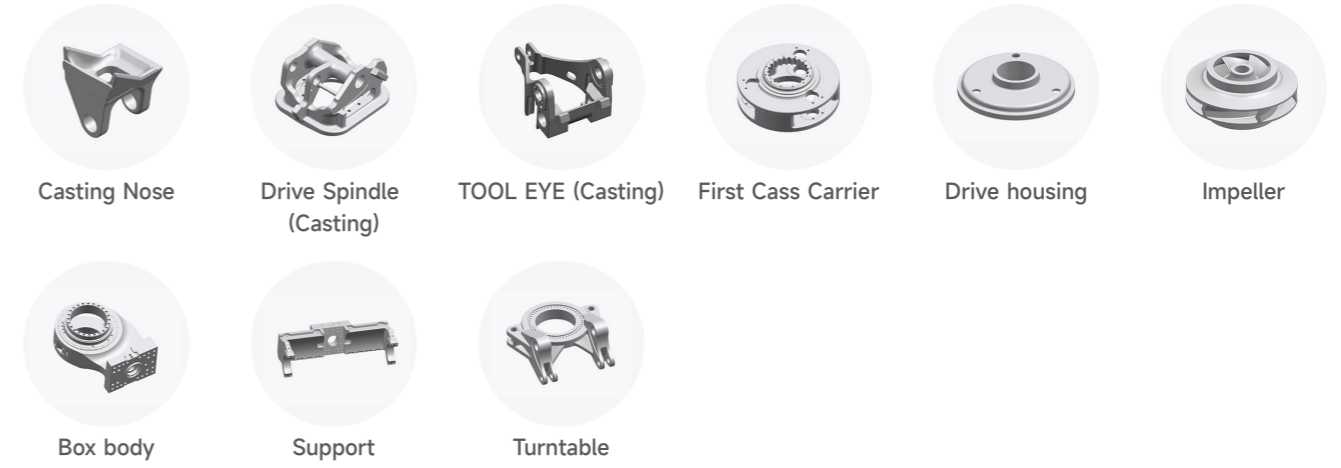


## GENERAL MACHINERY INDUSTRY SOLUTIONS

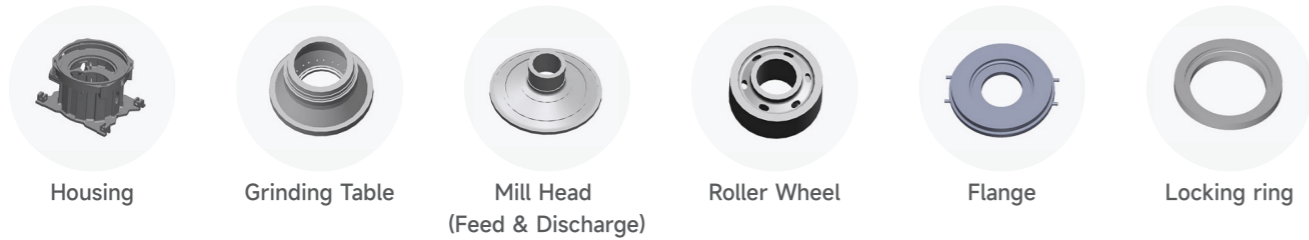
### • KEY COMPONENTS FOR MACHINING CENTER



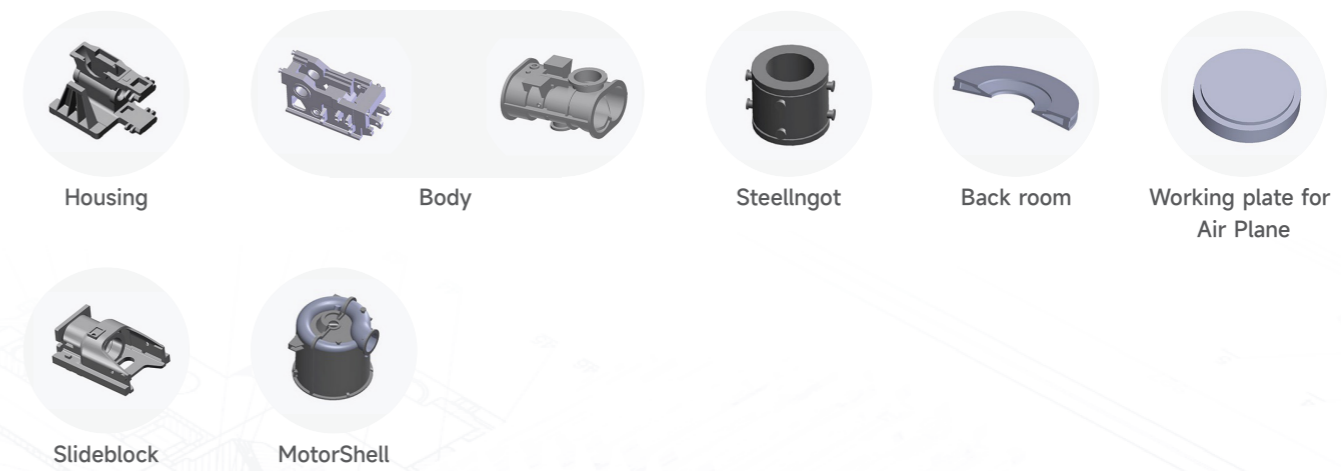
### • Key components for High-end Alloy Steel



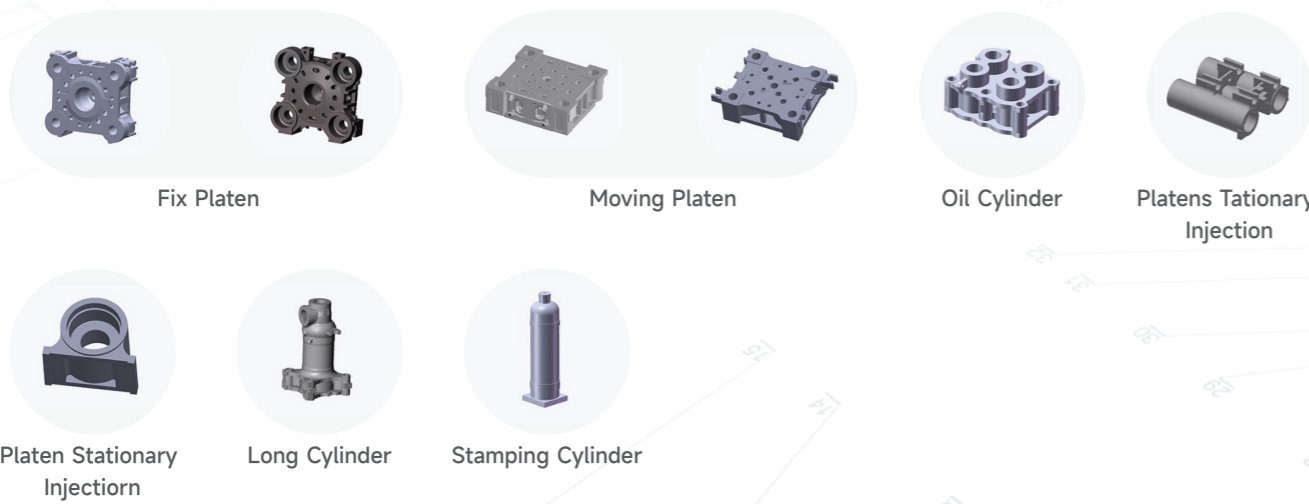
### • KEY COMPONENTS FOR MINING MACHINE



### • KEY COMPONENTS FOR OTHER MACHINES



### • KEY COMPONENTS FOR INJECTION MOLDING MACHINE



## THE SOLUTIONS TO HIGH SPEED RAL TRACK VEHICLE INDUSTRY

### • KEY COMPONENTS FOR HIGH-SPEED RAIL,RAIL VEHICLE

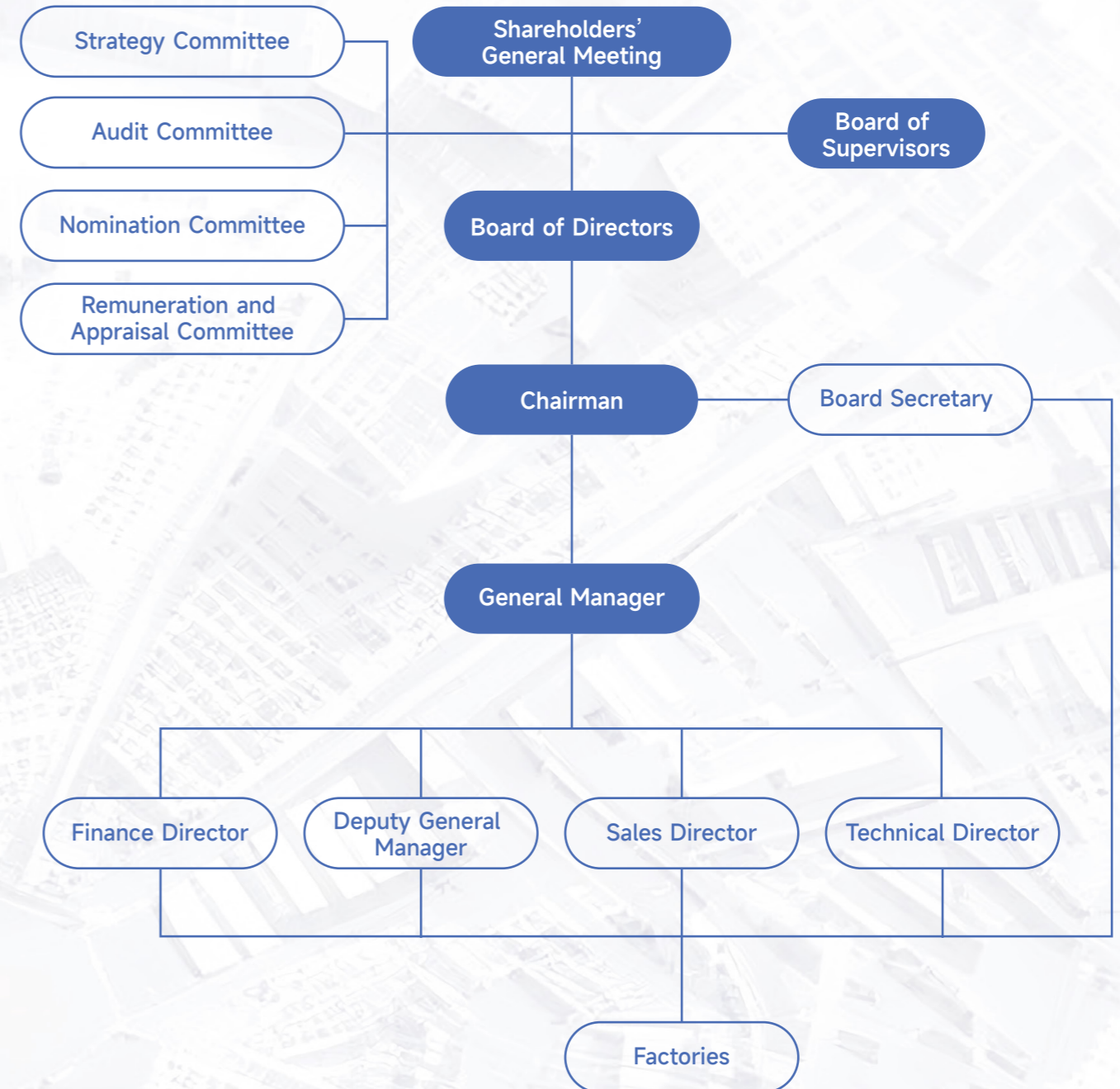




# STRATEGY AND CULTURE



# ORGANIZATIONAL STRUCTURE



# HISTORY

The Company relies on its advantages in technology, products, scale, quality and brand to establish a long-term stable customer base and has secured a solid market position in the industry of castings for large heavy industry equipment.

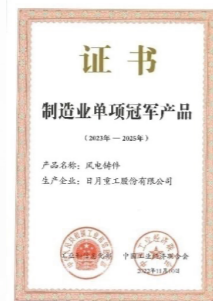




# Honors in 2023



Economy and Information Technology Department of Zhejiang  
Zhejiang Provincial Department of Finance  
**Zhejiang First Set - Domestic First Set**



MIIT  
China Federation of Industrial Economics  
**Individual Champion Product in Manufacturing Industry 2023-2025**



Zhejiang Enterprises Federation, Zhejiang Entrepreneurs Association, Zhejiang Federation of Industrial Economics  
**Top 100 Fastest Growing Enterprises in Zhejiang Province**



MIIT  
**National Five-Star Green Factory**



National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance, General Administration of Customs, and State Taxation Administration  
**State-Accredited Enterprise Technology Center**



China Association of Work Safety  
**National Safety Culture Construction Demonstration Enterprise**



China Foundry Association  
**China Green Foundry Demonstration Enterprise**



Ningbo Enterprises Federation, Ningbo Entrepreneurs Association, Ningbo Federation of Industrial Economics  
**2023 Top 100 Competitive Enterprises in Ningbo**



Ningbo Enterprises Federation, Ningbo Entrepreneurs Association, Ningbo Federation of Industrial Economics  
**2023 Top 100 Manufacturing Enterprises in Ningbo**



Ningbo Enterprises Federation, Ningbo Entrepreneurs Association, Ningbo Federation of Industrial Economics  
**2023 Top 100 Comprehensive Enterprises in Ningbo**





# ESG MANAGEMENT

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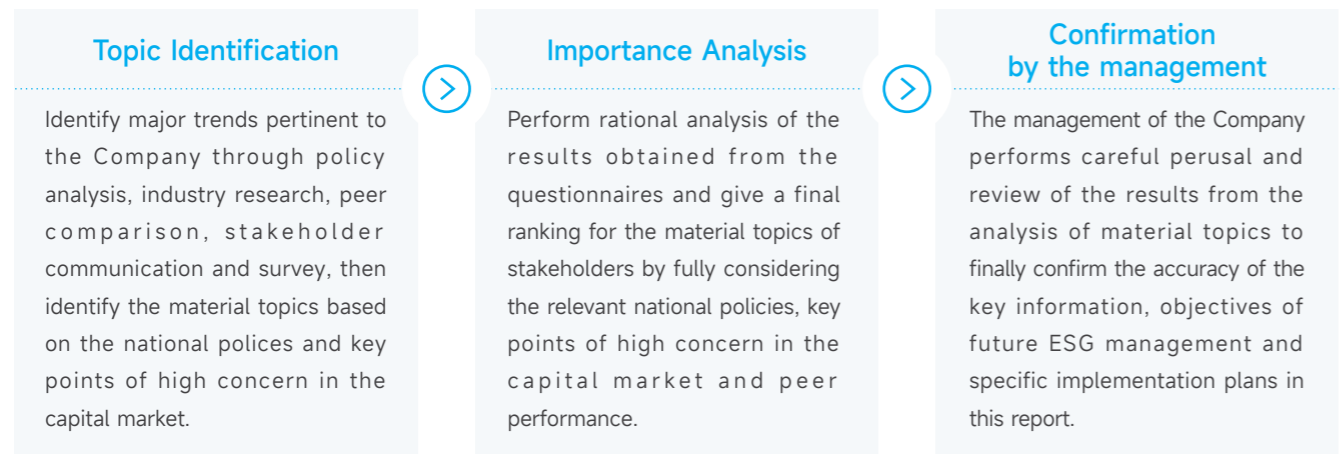


# ESG MANAGEMENT SYSTEM

The Company actively responds to national policies such as "carbon peaking and carbon neutrality," clearly defines its sustainable development strategy, and establishes a sustainable development framework. It is vigorously developing an ESG management system at all company levels. The Company actively builds a sustainable corporate culture, shapes a responsible image that meets social expectations, and integrates ESG governance throughout the corporate strategy, decision-making and operational processes, creating a top-down ESG regulatory framework. By setting ESG strategic goals, identifying ESG-related risks, disclosing information, and managing and assessing ESG performance, the Company continuously enhances its environmental, social and governance capabilities, optimizes its ESG governance structure, and vigorously promotes the efficient implementation of ESG initiatives.

# ANALYSIS ON MATERIAL TOPICS

To better respond to the expectations and demands from stakeholders, the Company regularly employs methods such as benchmarking against other companies, and internal interviews to identify, assess, prioritize, and confirm ESG issues, which help us to assess the level of stakeholder interest in the relative issue, and understand their expectations of the Company's ESG performance. In 2023, the Company's material topic determination process is as follows:



Material Topics	Importance Ranking
<b>Environmental</b>	
Combating climate change	General
Application and promotion of energy-saving technology	High
Environmental information disclosure	High
Eco-environmental impact	General
Green operations	Medium
Waste emission management	High
Use of resource	High
<b>Social</b>	
Customer service	Medium
Stability of product quality	High
Occupational health development	Medium

Material Topics	Importance Ranking
<b>Social</b>	
Employee care	High
Public welfare	Medium
Workplace safety	High
Supply chain management	Medium
<b>Governance</b>	
Improving governance system	Medium
Strengthening Party building	Medium
Enhancing profitability	High
Investor relation management	High
Information disclosures	High
Risk management	General

# COMMUNICATION WITH STAKEHOLDERS

The Company actively performs social responsibilities, pays great attention to the expectations and demands of stakeholders, engages in in-depth communication through various channels, fully understands opinions and suggestions of governments and regulatory authorities, shareholders, partners, communities and employees, and specifically enhances the Company's ESG performance, continually adjusts its sustainable development strategy and actions.

Stakeholders	Stakeholders Expectations	Communication and Feedback
<b>Governments and regulatory authorities</b>	<ul style="list-style-type: none"> <li>Response to national strategies</li> <li>Serving regional economy</li> <li>Compliance operation</li> </ul>	<ul style="list-style-type: none"> <li>Implementing national policies</li> <li>Cooperating with locals</li> <li>Establishing and improving anti-corruption governance system</li> <li>Observing business ethics</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Improving corporate governance</li> <li>Protection of shareholders' rights</li> <li>Investor relation management</li> <li>Information disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing operation management level</li> <li>Investor research and exchange</li> <li>Publishing periodic report, interim announcement</li> <li>Holding investor exchanges</li> <li>Dividends to shareholders</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Guarantee of basic rights and benefits</li> <li>Individual development</li> <li>Employee benefits</li> <li>Employee care</li> </ul>	<ul style="list-style-type: none"> <li>Establishing fair promotion paths</li> <li>Professional training and career development</li> <li>Employee satisfaction survey</li> <li>Implementing workplace safety</li> <li>Routine communication</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Honesty and regulatory compliance in business practices</li> <li>After-sales service</li> </ul>	<ul style="list-style-type: none"> <li>Optimizing industrial chain layout</li> <li>Improving product quality</li> <li>Communication and Q&amp;A dedicated to certain project</li> <li>Routine communication</li> <li>Customer service hotline</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Integrity and mutual benefit</li> <li>Transparent procurement</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilling contract with integrity</li> <li>Signing collaborative agreement</li> <li>Improving supply chain management</li> <li>Observing business ethics</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Green and low-carbon development</li> <li>Protect the ecological environment</li> </ul>	<ul style="list-style-type: none"> <li>Green transformation development</li> <li>Green technology innovation</li> </ul>
<b>Communities and public</b>	<ul style="list-style-type: none"> <li>Promoting community development</li> <li>Participating in public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>Community construction</li> <li>Charity work</li> <li>Volunteer service</li> </ul>





# GREEN OPERATIONS EXPLORE A LOW-CARBON FUTURE

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Riyue steadfastly adheres to a development strategy that balances economic and social benefits, unwaveringly following the path of sustainable development. It drives green transformation from both operational and production aspects of the Company as a response to dual-carbon policy targets. The Company vigorously promotes green technological renovations, actively prevents industrial pollution through technological advancement, and promotes clean production to achieve continuous, rapid, and healthy development across the entire production chain.



# ENVIRONMENTAL MANAGEMENT SYSTEM

The Company has prepared the Energy Management Manual in accordance with GB/T23331-2020 Energy Management Systems – Requirements to clarify the requirements of the energy management system and establish a management framework. The manual details the scope and boundaries of the Company's energy management system, and specifies the energy management policy, objectives, system architecture, responsibilities and control requirements within the energy management system. The Company has obtained certification for the GB/T24001-2016/ISO14001:2015 Environmental Management System.



Riyue's Energy Policy:

**Low Carbon and Environmental Protection, Clean Recycling, Conservation and Efficiency Enhancing, Green Casting**

## Riyue's Energy Management System

**The top management is primarily responsible for** formulating the energy policy, appointing management representatives, approving the energy management leadership team, providing resources required for the operation and improvement of the energy management system, determining the scope and boundaries of the energy management system, conveying the importance of energy management, ensuring the establishment of energy objectives and indicators and appropriate energy performance parameters, considering energy performance issues in long-term planning, ensuring the reporting of energy management results to higher authorities and government agencies as required, and conducting annual management reviews.

**The management representatives' main responsibilities** include establishing, implementing, maintaining, and continually improving the energy management system as required by relevant standards; designating relevant personnel to jointly conduct energy management activities as authorized by the management; reporting energy performance and the performance of the energy management system to the top management; planning effective energy management activities; enhancing awareness of the energy policy and objectives among all employees; clearly defining and conveying responsibilities and authorities related to energy management within the Company to effectively drive energy management; and developing guidelines and methods to ensure effective control and operation of the energy management system.

**Each department is responsible for** organizing all employees to implement and maintain the energy management system, and urging all units to carry out work related to the energy management system according to specific requirements.



# STRENGTHENING RESOURCE MANAGEMENT

The Company places a high emphasis on the management and conservation of resources, using efficient resource management as a lever to minimize resource and energy consumption and promote the sustainable development of the enterprise. The Company has established the Energy and Resource Management Procedures, which specifies the management and control requirements for various types of energy and resources such as water, electricity, gas, liquid, paper and materials. These procedures clarify the management responsibilities and duties concerning each resource type to ensure normal supply and reasonable use of energy and resources, enhance their utilization rates, and achieve the Company's energy consumption management goals.

In 2023

the Company's total energy consumption was

**57,765.39** metric tons of standard coal

the total water consumption was

**850,943.26** metric tons

Indicator	Unit	2023
Total energy consumption	TCE	57,765.39
Fossil energy consumption (direct)	TCE	10,444.86
Non-fossil energy consumption (direct)	TCE	1,774.67
Outsourced energy (indirect)	TCE	45,545.86
Electricity consumption	kWh	370,592,899

Note: Calculations are based on the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

## Resource management measures taken by Riyue

### Water

- Water should be conserved while ensuring cleaning effectiveness.
- Drinking water is poured according to individual needs.
- The water supply system is inspected regularly; and the water supply equipment can prevent dripping and overflowing.
- Any abnormalities in water use are analyzed to find reasons and required to be improved within a set deadline.

### Electricity

- The electricity has to be saved while ensuring lighting or power effectiveness.
- Power supply equipment should be safe and economical.
- Any abnormalities in electricity use are analyzed to find reasons and required to be improved within a set deadline.

### Gas and Liquid

- The transportation and use of energy, as well as the installation and maintenance of energy equipment should be conducted according to relevant procedures.
- Relevant departments should be notified in advance in case of difficulties in energy supply.
- Any abnormalities in energy use are analyzed to find reasons and required to be improved within a set deadline.

### Paper and Material

- Transportation and storage must be quality-ensuring, including protection against moisture, water, and sunlight.

The main sources of the Company's greenhouse gas (GHG) emissions are the combustion of fossil fuels, industrial production processes, and carbon dioxide emissions from purchased electricity consumption. In 2023, the Company's carbon emissions were as follows.

Indicator	Unit	2023
Total GHG emissions (Scope 1 & 2)	tCO <sub>2</sub> e	289,076.36
GHG emissions (Scope 1)	tCO <sub>2</sub> e	27,964.84
GHG emissions (Scope 2)	tCO <sub>2</sub> e	261,111.52

Note: The electricity emission factor is calculated based on the Notification on Management of Greenhouse Gas Emissions Reporting by Power Generation Enterprises from 2023 to 2025 (Environment Office Climate Circular [2023] No. 43) issued by the Ministry of Ecology and Environment, on the basis of 0.5703 tCO<sub>2</sub>/MWh. The emission factors for natural gas, gasoline and diesel are calculated according to the Accounting Methodology and Reporting Guide for Greenhouse Gas Emissions by Machinery Equipment Manufacturing Enterprises (Draft for Comments).

## REDUCING POLLUTANT EMISSIONS

The Company places great emphasis on environmental protection, strictly adheres to the environmental laws and regulations enacted by national and local governments, and conducts production and business activities in strict accordance with relevant policy requirements. It has established comprehensive environmental protection-related systems, considering environmental protection needs in the design of production processes, selection of production equipment, configuration of environmental protection facilities, and recycling of waste materials. In 2023, Riyue significantly improved its industrial wastewater treatment rate, waste gas purification rate, and solid waste comprehensive utilization rate, achieving notable success in environmental protection.

### Exhaust Emission

It has developed the Exhaust Emission Control Procedures, specifying the management departments, responsibilities, and execution standards on exhaust pollutants produced during the production process, such as those generated by sand mixing, molding core-making, melting, casting, sand falling and sand regeneration as well as cafeteria fume. In 2023, the Company emitted 5,579.8 kilograms of exhaust pollutants, with all pollutant emission concentrations below the limits.

#### Riyue advances the conversion from cupola furnaces to electric furnaces to reduce emissions of exhaust pollutants

CASE

For the #3 cupola furnace within the industrial park, the Company pushed forward a project to convert it to an electric furnace. This involved demolishing the cupola furnace and all associated equipment and facilities (such as dust collectors), as well as buildings in related areas. New buildings and foundations for equipment were constructed on the original site, and an electric furnace and accompanying power transformer and distribution systems, dust collector, double-beam bridge crane and ingredient addition system were installed. Calculations show that the use of this facility can save 1,740 metric tons of standard coal annually, reduce GHG emissions by 4,558 metric tons of carbon dioxide equivalent, decrease particulate matter (PM) emissions by 0.728 metric tons, sulfur dioxide emissions by 2.679 metric tons, and nitrogen oxide emissions by 0.527 metric tons.

## Wastewater Discharge

The Company has developed the Wastewater Discharge Control Procedures, analyzed the impact on the aquatic environment and standardized the wastewater treatment processes and requirements. In 2023, the Company produced a total of 40,067 metric tons of wastewater.

Indicator	Unit	2023
Discharge of wastewater	metric ton	40,067
Discharge of industrial wastewater	metric ton	1,227
Discharge of domestic wastewater	metric ton	38,840



## Solid Waste Emission

The hazardous waste generated by the Company are mainly waste paint drums, laboratory waste liquid, reagent bottles, waste oil and oil-containing wastes. The Company has established the Hazardous Waste Storage Management Regulations to specify the types of hazardous waste and storage requirements. In 2023, the Company produced a total of 332.09 metric tons of hazardous waste, all of which were well disposed by a qualified entity.

Indicator	Unit	2023
Total hazardous waste	metric ton	332.09
Hazardous waste generated per RMB 10,000 of revenue	metric ton/RMB 10,000	0.0007

The general waste generated by the Company included furnace slag, dust collection ash and waste sand. The Company has developed the Solid Waste Pollution Control Procedures to clarify the recyclable and non-recyclable waste. In 2023, the Company produced a total of 55,086.02 metric tons of general waste.

Indicator	Unit	2023
Total non-hazardous waste	metric ton	55,086.02
Non-hazardous waste generated per RMB 10,000 of revenue	metric ton/RMB 10,000	0.1183



The Company has prepared the Assessment Report of Emergency Environmental Accident Risks to assess the risks of leaks, fires and accidental risks caused by abnormal discharges and natural disasters that may occur during production, operations, storage, use and disposal processes. Furthermore, it has developed the Emergency Plan of Environmental Pollution Accidents and the Environmental Accidents Emergency Plan, specifying the management responsibilities, contents and emergency response procedures of each functional department.

Riyue's Workplace Safety Contingency Plans



Layout Diagram of Emergency Monitoring Points



The Emergency Drill Site

# COMBATING CLIMATE CHANGE

The Company recognizes the potential impacts of climate change on business operations and prepares contingency plans for possible climate-related risks. Meanwhile, it actively implements national policies on dual carbon goals, enhancing technological innovation and the implementation of energy-saving and emission reduction technologies. The Company strictly implements laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China, as well as relevant requirements of higher-level authorities, to enhance energy utilization efficiency and promote ecological civilization and sustainable economic development, further strengthening our energy conservation and ecological environmental protection efforts.

Climate-related Risks	Response
<p>Contingency Risks: Extreme weather</p> <p>Physical Risks</p>	<p>1. Factory, workshops, office buildings and equipment might be damaged to cause asset loss, and even employee safety accidents;</p> <p>2. Facility damage, service interruption or major equipment damage may directly or indirectly sabotage the continuity of business operations and economic interests.</p>
<p>Chronic Risks: Lasting heatwave, drought, etc.</p>	<p>1. Regularly identify environmental factors that may impact the climate, and strengthen control over these identified environmental factors;</p> <p>2. Focus on extreme weather alerts, develop targeted emergency plans, conduct regular emergency drills, and emphasize the routine storage of disaster prevention materials;</p> <p>3. Regularly inspect production equipment and facilities for potential hazards, upgrading and retrofitting as needed to enhance disaster protection levels.</p>
<p>Policies and Laws Risks</p>	<p>Higher temperatures may result in the need for additional cooling equipment and maintenance costs, increasing operational costs;</p> <p>1. Improving the R&amp;D and application of carbon emission reduction technologies and being equipped with more energy-efficient cooling technology and system;</p> <p>2. Promoting green development to mitigate associated climate change risks.</p>
<p>Technology Risks</p>	<p>New policies and regulations on greenhouse gas (GHG) emissions may increase the Company's compliance costs and related litigation or claims may also increase in numbers.</p> <p>Staying on top of the changes in the regulations and policies related to the climate and "dual carbon", establishing a list of laws and regulations, and adjusting internal management measures in a timely manner to actively address the changes.</p>
<p>Transition Risks</p>	<p>Continuously conducting energy-saving and carbon-reducing technology transformation and optimizing production processes and equipment in consideration of the current level of technology. Installing fault prevention facilities and carrying out regular maintenance of equipment so as to facilitate the use of clean technologies.</p>
<p>Market Risks</p>	<p>Shifts in upstream and downstream supply chains and customer preferences may intensify the focus on green and low-carbon products.</p> <p>Scientifically assess market conditions, continuously monitor the price trends and supply and demand changes in the product and raw material markets, and conduct preliminary research.</p>
<p>Reputation risks</p>	<p>Poor performance in combating climate change and sustainability giving rise to negative feedback from associated stakeholders.</p> <p>1. Being devoted to sustainable development, actively taking up social responsibilities, reinforcing green production, maintaining green ecology and burnishing the green image of the Company.</p> <p>2. Regularly publishing ESG reports of the Company and disclosing information on the status of the Company's energy saving and emission reduction objectives.</p>



### Enterprises under Riyue establish and implement energy-saving and emission reduction targets

CASE

An enterprise under Riyue, Rixing Foundry, has formulated the 2023 Energy Saving and Emission Reduction Plan, which includes projects for dust collector technology renovation, and wind and photovoltaic power plants construction, with a cumulative energy-saving target of 12 million kilowatt-hours, striving to promote energy saving and emission reduction. The actual annual electricity saving was 17.23 million kilowatt-hours, achieving 143.58% of the electricity saving target.

### Riyue advances the waste heat recovery project in the drying room to reduce fossil energy consumption

CASE

Riyue has added a new heat exchanger at the outlets of heat treatment furnace chimneys in the factory area. Thanks to this equipment, the heat is recovered through pipes into a water tank to heat the water, which is then circulated to the tube heat exchanger in the drying room for heat dissipation and temperature increase. As calculated, this project has saved 88 metric tons of standard coal annually and reduced carbon emissions by approximately 69 metric tons of CO2 equivalent.

### A Riyue subsidiary is awarded the first three-star carbon label certification in the industry

CASE

On January 19, 2024, Rixing Foundry, a subsidiary of the Company, received the wind turbine casting industry's first three-star carbon label product certification at the 2nd "Carbon in Xiangshan" Annual Meeting of Carbon Label and the Release Conference of Staged Results of Carbon Footprint and Carbon Label. This certification, awarded by the China Electronics Energy Saving Technology Association, represents the highest recognition in carbon label. Based on its cutting-edge low-carbon technologies, the Company has successfully unlocked new achievements in energy saving and low-carbon efforts within the industry.

At the conference, Technical Specification for Carbon Label Evaluation of Ductile Iron Castings for Wind Generators, the first national group standard to evaluate wind generators and their low-carbon castings, was officially released, as led and drafted by Rixing Foundry, a Riyue subsidiary. This Specification establishes a quantitative analysis framework and normative standard for the carbon footprint development pattern, major influencing factors and the environmental impact of carbon emissions over the full lifecycle of key casting components for wind generators. It fills a gap in both domestic and international fields, propels carbon emission reductions in wind generator products and promotes high-quality and sustainable development in the industry.



### A Riyue subsidiary introduces the industry's first carbon label standard for wind generator castings

CASE

Rixing Foundry, a subsidiary of the Company, is the world's largest producer and supplier of wind generator castings, with an annual capacity exceeding 450,000 metric tons. Its main products, wind generator castings, hold the world's highest market share, with around 25% of its products exported to overseas original equipment manufacturers. Rixing Foundry, driven by the fostering of green factories, development of green products, and construction of green supply chains, participates in the "Industrial Carbon Labeling Flagship Action." It takes the lead in exploring and establishing the carbon label standards for ductile iron castings for wind generators, aiming to be a pioneer in carbon footprint management in the casting industry.



## ADVANCING GREEN OPERATIONS

As the Company promotes green operations, its subsidiary Rixing Foundry is working to improve production processes, adopt environmental technologies, reduce environmental pollution and enhance resource efficiency, so as to acquire the "Green Factory" certification.

### A Riyue subsidiary undertakes the construction of green factories

CASE



Rixing Foundry, a subsidiary of the Company, focuses on constructing an environmentally friendly factory by addressing six aspects: infrastructure, management systems, energy and resource input, products, environmental emissions and performance.

**In terms of infrastructure,** the factory makes full use of natural lighting and ventilation to save resources.

**In terms of management systems,** the Company continuously improves quality, environmental, and occupational health management systems and conducts corresponding reviews.

**In terms of products,** the Company engages in eco-design of products to ensure compliance with regulations on the utilization of harmful substances, maximizes energy saving and carbon reduction, and enhances the recycling of raw materials.

**In terms of environmental emissions,** the Company strengthens the management of waste gas pollutants, wastewater pollutants, solid waste, noise and GHG emissions to ensure compliance with the law.

**In terms of energy and resource input,** it undertakes various energy-saving renovations such as oxygen-enriched air supply, waste heat recovery, lighting fixtures and smart energy efficiency management, and uses recirculating cooling water to reduce energy consumption and save resource usage.

**In terms of performance,** it tracks and manages performance indicators such as green material usage, pollutant emission intensity, energy consumption intensity and GHG emission intensity.

The Company actively conducts energy-saving training and encourages employees to adopt energy-saving actions in work and life, enhancing their awareness of resource conservation. The Company's energy-saving training starts with details, showing employees practical energy-saving tips and methods, in order to actively contribute to the sustainable use of resources and work together with employees towards a more environmentally friendly and efficient future.

#### Riyue's Energy Saving Initiatives

##### Saving paper

The Company advocates for online office practices, double-sided printing and copying of daily documents, and reusing discarded paper.



##### Saving electricity

The Company encourages employees to turn off electricity when leaving a room to reduce electrical hazards.



##### Saving water

The Company promotes rational and recycled water use, encourages employees to turn off taps well after use, and to report any issues such as burst pipes to relevant departments for prompt repair to prevent leaks.

##### Saving resources

The Company actively advocates the resource-saving principle of "no discard nor abandon usable things," encourages employees to use "ink-saving printing" mode, replace pen refills with water-based options, reuse binder clips and paper clips, and recycle used folders, among others.





# JOINING HANDS WITH THE LOCAL COMMUNITY FOR INNOVATION-DRIVEN DEVELOPMENT

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Riyue takes technological innovation as its guiding force and safety as the bottom line to strengthen innovation-driven development and collaborate with employees for mutual growth. Some of the Company's products have filled domestic gaps and are at an international leading level. The Company continuously strengthens supply chain management, focuses on customer satisfaction, and actively promotes high-quality development throughout the upstream and downstream of the industrial chain, providing momentum for its own development. Additionally, it actively participates in public welfare activities of the local community, striving to benefit local residents with its developmental achievements, and demonstrating corporate social responsibility and commitment.



# TECHNOLOGICAL INNOVATION DEVELOPMENT

## STRENGTHENING THE FOUNDATION FOR INNOVATION

### Institutional Development

Riyue places great emphasis on technological innovation and has established documents such as 1+4 New Product Development Management System, New Product Trial Production Process Control Procedures, New Product and New Process Trial Production Regulations, Process Change Management System, and Product Quality Review Control Procedures, to regulate scientific researches. These documents clarify the main bodies and processes of new product development, responsibilities of relevant departments, along with corresponding R&D incentive mechanisms to stimulate creativity and initiative in teams and employees. Currently, the Company has fostered a good atmosphere for design innovation, achievement summary, communication enhancement and awareness improvement of intellectual property protection.

### Equipment Foundation

The Company owns more than 140 sets of large and medium-sized production equipment, including advanced resin sand casting production lines, cupola furnaces, induction electric furnace melting equipment, large shot blasting machines, heat treatment furnaces, and casting post-processing equipment etc.. It also has over 70 sets of testing instruments, and advanced German-imported direct-reading spectrometers, infrared carbon-sulfur analyzers, mechanical property testing machines, a large horizontal microscope and an ultrasonic flaw detector, providing a solid equipment foundation for research and production.

### Scientific Research Platforms

With its National Enterprise Technology Center functioning as the main body, the Company has established an industry-academic-research combined R&D innovation system that closely links technological innovation with the market while focusing on the latter to continuously transform innovation achievements into significant social and economic benefits. By the end of 2023, the Company has established three national-level R&D platforms: the National Enterprise Technology Center, the National Intelligent Casting Industry Innovation Center, and the National Postdoctoral Research Workstation; two provincial-level R&D platforms: the Zhejiang Provincial Enterprise Technology Center and the Zhejiang High-Tech Enterprise R&D Center; and two municipal-level R&D platforms: the Ningbo Riyue Heavy Industry Casting Engineering Technology Center and the Ningbo Riyue Heavy Industry Castings Research Institute. The Experimental Center of Riyue Heavy Industry Co., Ltd. and the Testing Center of Ningbo Rixing Foundry Co., Ltd. are laboratories and testing institutions accredited by national (international) organizations. Additionally, the Company and some of its subsidiaries have been recognized as high-tech enterprises.



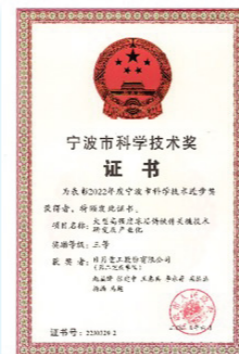
### Talent Cultivation

The Company cultivates and introduces high-level technical and skilled talents through various channels and methods in a "going out and bringing in" manner, establishes an efficient intellectual property talent team, and enhances the overall capability for intellectual property creation. Furthermore, the Company significantly improves the overall level of scientific research projects, creates an excellent platform to foster intellectual properties, and facilitates the rapid emergence of intellectual property results. It strengthens the awareness of intellectual property creation and protection among the employees, especially technical and skilled talents, fostering a positive atmosphere for intellectual property creation. By the end of 2023, the Company's R&D staff accounted for 8.99% of its workforce, with annual R&D expenditures amounting to RMB 258 million, representing 5.55% of the investment ratio.

Indicator	Unit	2023
R&D investment	RMB 100 million	2.59
Proportion of R&D investment	%	5.56
Proportion of R&D personnel	%	8.99
Patents	—	156

## INNOVATIVE ACCOMPLISHMENTS

The Company has jointly established provincial-level enterprise engineering technology centers with universities such as Tsinghua University and Hunan University. Its Foundry Technology Center has been recognized as a Zhejiang Provincial Enterprise Technology Center. The "Thick Section Ductile Iron Mold Castings for Injection Molding Machines" developed by the center has been included in the national list of Torch Projects. By the end of 2023, the Company has received more than 14 science and technology awards, including the Third Prize of Zhejiang Provincial Science and Technology Awards. In 2023, the project "Research and Industrialization of Key Technologies for Large High-Strength Ductile Iron Castings" received the Third Prize of Science and Technology Progress Awards of Ningbo City.



## PROGRESSING TOGETHER WITH EMPLOYEES

### EQUAL AND DIVERSE EMPLOYMENT

#### Employee Recruitment

The Company strives to build an institutionalized and standardized recruitment management process, constructing a scientific and reasonable human resources management system to ensure that human resource needs are fully met. The Recruitment Management System stipulates the requirements for the preparation of annual and monthly recruitment plans, selection of recruitment channels, employee screening and hiring, probation evaluation and regularization, ensuring a reasonable talent structure and talent reserve, and providing sufficient and appropriate human resources for operations.

#### Riyue products have passed production approval

CASE



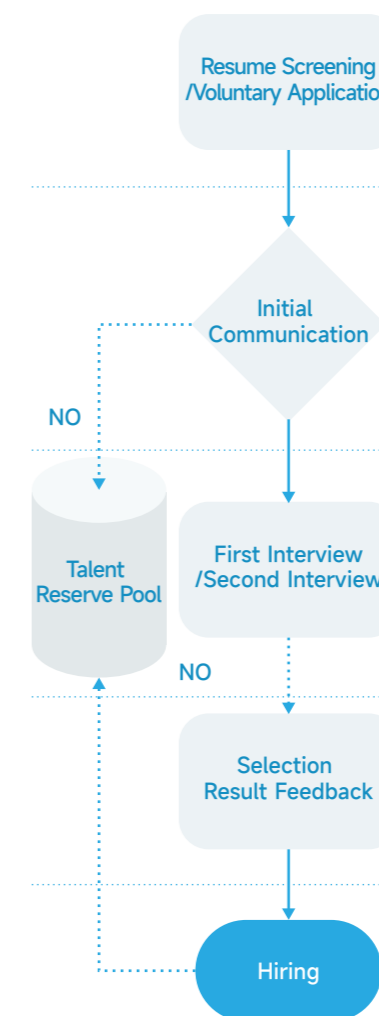
In 2023, the Company developed the "KY1693 hundred- metric ton ductile iron spent fuel transport container cylinder castings" and passed the domestic first set approval. This project represents the first domestic development of thick new surface ductile iron castings for spent fuel transport containers, filling a domestic gap and achieving international advanced technical standards with its comprehensive technical indicators.

The Company adheres to the principle of "generating patents through projects and practice," ensuring that all patents applied are utilized in production. By the end of 2023, the Company held 156 valid patents, including 80 intellectual property patents and 59 core patents, and has received 17 provincial, municipal, and industrial science and technology progress awards. The Company has participated in drafting 19 national and industrial standards such as Methods for Chemical Analysis of Silica Sand for Foundry and Spheroidal Graphite Iron Castings. In 2023, the Company owned 35 new granted patents, of which 9 are invention patents and 26 are utility model patents. The Company's wind turbine casting products are sold to the United States, Japan, Germany, Denmark, Finland, Spain, India, and other countries and regions, enjoying a high reputation both domestically and internationally.

## INTELLECTUAL PROPERTY PROTECTION

The Company actively implements the Administration of Intellectual Property Rights of Enterprises (GB/T29490-2013), has established a comprehensive work organization and developed a series of intellectual property management systems including Trade Secrets Protection System, Patent Management System, Copyright Management System, Intellectual Property Management Methods, Intellectual Property Risk Reserve Fund Management System, and Intellectual Property Special Funds Management System. This has formed a relatively complete work and management system, initially realizing the institutionalization and standardization of intellectual property management. In 2023, the Company led with its brand and followed the main thread of technological innovation, protecting and utilizing intellectual properties to enhance its core competitiveness.

#### Selection Flow Chart



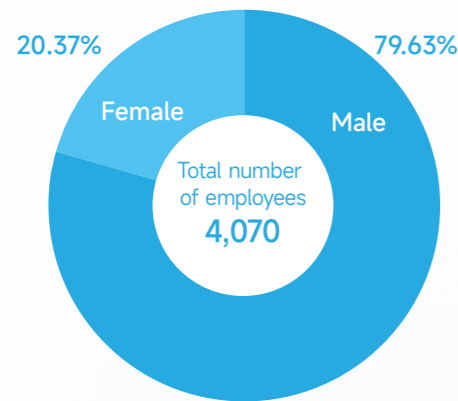
#### Riyue's subsidiaries practice the principle of fair recruitment

CASE

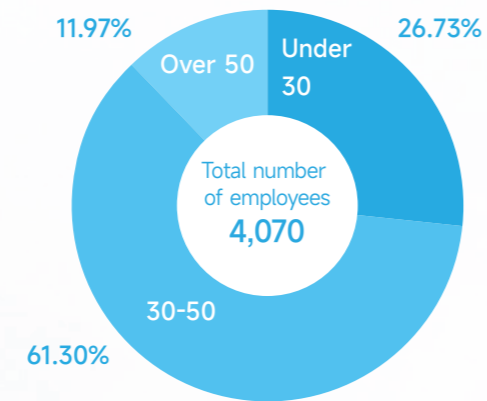
Rixing Foundry, a subsidiary of the Company, forms Employee Recruitment Control Procedures that explicitly prohibits any discriminatory terms in its recruitment. Job advertisements are published through the labor market and other channels. Effective methods must be adopted to verify identity cards and determine the true ages of employees to ensure that they are at least 16 years old at the time of hiring to prevent the inadvertent hiring of child labor due to false age documentation. Those who cannot provide valid identifications will not be hired. Recruitment must not discriminate on the basis of race, social status, nationality, religion, disability, gender, sexual orientation, union membership or political affiliation. Any form of discrimination against female workers, particularly pregnant women, is prohibited.

The Company completes employee recruitment through recruitment websites, labor markets, and local human resources service platforms. By the end of 2023, the Company had 4,070 employees, with males comprising 79.36% and females 20.37%.

Gender group



Age group



Ethnic minorities

356

## BROADENING DEVELOPMENT CHANNELS

### Employee Growth

The Company pays attention to the development of its employees, providing a diversified career development platform for all types of employees to continuously discover their potential. Employees can enhance their job skills and professional capabilities through participation in various training, and showcase themselves and exchange experiences in various competitions of professional capabilities and vocational skills. The Company has established a Training Management System to ensure that employees have opportunities to improve their quality and job skills, achieving the goal of mutual growth of employees and the Company. In 2023, the Company organized 871 training sessions for employees, with training expenditures totaling RMB 885,600, and the total duration of training was 44,371.94 hours.



Indicator	Unit	2023
Employee training coverage	%	100
Number of employee training	time	2,520
Total training expenditure in the year	RMB 10,000	88.56
Total length of training in the year	hour	44,371.94

### Riyue's subsidiaries provide a comprehensive training system for employees

Rixing Foundry, a subsidiary of Riyue, provides a comprehensive career development training system for employees, which includes:

- New employee training.**
- Pre-job training for various positions.**
- On-the-job work skills and related safety training.**
- Job skills training:** To learn about standard operation procedure, performance of the equipment used, operating instruction, environmental protection knowledge, safety issues and emergency response measures, with written and operational assessments required before being allowed to start work.
- Units may contact and register for job-related training according to their actual needs and make relevant reports.**

### Replicable Leadership—Cadre Management Skills Training

CASE



In September 2023, the Labor Union of Riyue, in conjunction with the Human Resources Department, invited training experts to deliver a course on "Replicable Leadership" for the Company's cadres at middle and higher levels.

### The Major Cadre Exchange Meeting of Riyue's Business Divisions

CASE

In June 2023, the first batch of research and exchange delegation composed of key cadres from various business divisions visited the factory of Northwest Division. They visited the casting workshop, machining workshop and painting workshop to thoroughly understand the current production operations of each unit and conducted on-site inspections and learning.





### Learning Technology, Practicing Skills, Creating Efficiency, Striving for Excellence—Employee Skills Competition

CASE

Rixing Foundry, a subsidiary of the Company, organized a skills competition titled "Learning Technology, Practicing Skills, Creating Efficiency, Striving for Excellence" to provide a platform for employee learning and exchange, enhancing the employees' attention to practical skills and effectively defining the focus of future skill training for employees.



### Employee Promotion

The Company adheres to a people-oriented approach, respects the rights of employees to self-development, and provides transparent and smooth promotion channels for all types of talent. Based on the nature of employees' work, the Company divides promotion channels into three categories: for operators, professional technicians, and management personnel. Operators and professional technicians can choose either professional technical grades or management positions as their promotion path according to their own career planning. Employee transfers (borrowing) must be consented by the employees themselves and duly recorded.



## EMPLOYEE CARE

Riyue provides employees with good welfare benefits and organizes sophisticated and thorough employee care activities to enhance employees' sense of belonging and happiness, further improving the Company's cohesion.

### Remuneration and Benefits

It has established a differentiated compensation structure. In addition to receiving their monthly salary, employees also enjoy an annual leave cash-back benefit. The Company provides employees with timely payments of "five insurances and one housing fund", and offers holiday benefits on statutory holidays, birthday benefits, annual free medical check-ups, transportation subsidies, rent subsidies, communication subsidies, free shuttle buses for commuting, hospital visitation for work-related injuries, and relief for employees in difficulty, all aimed at significantly enhancing their sense of gain and improving employee care.

### Employees move happily into their newly built dormitories

CASE

The Company invested over RMB 60 million to construct the new Lingang Home as part of the newly built supporting project for key components of marine equipment. The project includes 700 rooms providing facilities such as air conditioning, beds, wardrobes, bathrooms, communal clothes drying areas, as well as supporting amenities like basketball courts, convenience stores, bathrooms and laundries. After the project was put into use, it effectively raised the happiness index of employees, giving them a sense of warmth of home, and laid a solid foundation for the Company to build an enterprise of sustainable development.



### Production Work

In line with actual production needs, the Company provides employees with labor protection welfare goods, summer welfare goods, etc.

### The Labor Union carries out the "Cool Summer Care" Activity

CASE



In August 2023, the Company's Labor Union, in cooperation with the local village union, carried out a "Cool Summer Care" Activity for employees who remained at their posts during the peak summer season, bringing them a touch of coolness for the hot summer days.



## Culture and Sports Activities

The Company advocates a work style that combines labor with leisure and organizes culture and sports activities from time to time in various holidays and festivals, encouraging employees to actively participate.

### The "Praying for Safety and Health" Event on Dragon Boat Festival

CASE

In June 2023, the Company held the "Praying for Safety and Health" Event on Dragon Boat Festival. The event was lively and filled with festive atmosphere, strengthening the cohesion and sense of collective honor among various units and departments, and fostering team spirit among employees.



### Fun Sports Meet to Welcome the Labor Day on May 1st

CASE

In April 2023, the Company held its 5th "Unity, Youth and Fun"-themed sports meet, allowing employees to experience the joy of sports activities while fostering a spirit of team cooperation, thereby creating a pleasant and vibrant company atmosphere.



## CONSOLIDATING SAFETY FOUNDATIONS

### ENSURING WORKPLACE SAFETY

#### Response to accidents and work-related injuries

Riyue has developed the Work Injury Accident Reporting, Handling and Management System, the Rotation Assessment Methods of Work Injury Accident Assessment Management and Safety Supervision Personnel and the Repetitive Accident Control Regulations. Adhering to the "four no-pass" principle and a quantified assessment mechanism, it strengthens the supervisory duties and assessment intensity of safety management personnel. The Company has prepared emergency plans and special plans, enhances all staff's awareness and education on prevention, risk avoidance and disaster reduction, conducts training drills to solidify basic emergency handling skills, and improves employees' abilities to respond to emergencies and take self-protection measures. The number of safety and environmental protection accidents has shown a decreasing trend year by year. Since its establishment, the Company has had no fatalities, serious injuries or major occupational disease accidents.

Indicator	Unit	2023
Number of work-related fatalities	person	0
Rate of occupational deaths	%	0
Number of major safety accidents	—	0
Workplace safety investment	RMB 10,000	1,636.83

#### Policies and measures of production standard management

The Company adheres to the workplace safety policy of "safety first, prevention foremost and comprehensively governed", places workplace safety as its top priority and comprehensively organizes activities to create a standardized first-level enterprise in workplace safety. It has established a long-term mechanism for the construction of workplace safety standardization on the basis of a people-oriented approach, enhances safety management, improves the work environment, and continuously achieves good performance. The Company has been approved as a "First-Level Enterprise of Workplace Safety Standardization (Machinery)."

The Company has established and keeps improving a series of workplace safety management regulations, while strictly implementing the Workplace Safety Responsibility System that clarifies safety responsibilities at all levels. All staffs are required to sign the Responsibility Statements of Safety and Environmental Protection Objectives that break down and quantify the responsibility objectives. The implementation of responsibilities is strengthened following the principles of "equal responsibilities of Party and government, dual responsibilities for one post, joint management and accountability for negligence."

The Company actively implements supervisory management responsibilities, adopts the "7S" visual site management model and "Team Safety Construction" management, holds monthly safety and environmental protection production meetings and shift meetings, so as to promptly grasp the workplace safety situation, strengthen on-site communication and coordination, immediately resolve problems and improve execution. In such ways, the individual responsibilities of workplace safety may fall into place, achieving a comprehensive safety management that covers all employees, with the safety objectives shouldered by all and specific indicators designated per person.



The Company insists on a system of rewards and punishments, strictly controls the "three violations" behaviors, and has formulated the Safety Rewards and Penalties System, Management Regulations on "Three Violations" Control, Standardized Job Responsibilities for Safety and Environmental Protection, and Workplace Safety Department Management Handbook. When dealing with personnel who commit these violations, the Company conducts interviews and admonitions for those who repeatedly violate rules and assesses their suitability for their positions. We also encourage employees to cultivate a refusal-to-overload mentality, with area managers simultaneously evaluated to enhance their sense of responsibility and supervisory awareness.

In 2023

the Company distributed special safety rewards of **443,100 RMB**

invested **16,368,300 RMB** in workplace safety

### Safety Hazard Screening

Riyue has established the Safety Inspection and Potential Hazards Investigation and Management System and Hazard Identification, Risk Assessment and Risk Control Procedures. Each year, it organizes hazard identification and risk assessment at all workplaces, conducting thorough, meticulous and comprehensive potential hazards investigation and management activities, without formalism, leaving no blind spots or loopholes. It ensures that special equipment, electrical facilities, hazardous chemicals and flammable and explosive areas undergo safety-special inspections. For identified potential hazards, risk-categorized control measures are taken and corrective actions are enforced within a specified timeframe, with continuous tracking of the rectification progress. Employees' abilities to identify hazards and their awareness of self-protection are also enhanced to promptly eliminate potential hazards. In 2023, the Company eliminated 3,416 potential hazards and distributed RMB 10,560 in rewards for identification of potential safety hazards .

### Riyue Conducts the "Workplace Safety Month" Campaign

CASE

The Company conducts the "Workplace Safety Month" Campaign. The Company provides employees with traffic safety training under the theme of "Everyone Talks About Safety and Knows How to Respond" to promote knowledge of traffic safety regulations; and, organizes online workplace safety quizzes to enhance employees' awareness of traffic safety, curb the occurrence of traffic accidents, and create a good traffic safety environment within the Company.



### Skill Competition during the Workplace Safety Month Campaign

CASE



The Company has organized a variety of safety education and training activities to advance the construction of a safety culture and enhance employees' awareness of safety. Bulletin boards, electronic screens, promotional posters, Feishu app and other platforms are used, in combination with activities such as "Fire Safety Day," "Safety Calendar," "Anniversary," and "Workplace Safety Month" competitions, to engage employees in promoting safety culture, creating a good atmosphere of "everyone shouldering responsibilities and taking part in workplace safety", with their safety awareness enhanced.



### Occupational Health Management

The Company actively carries out occupational disease prevention and control knowledge promotion and training work to implement its occupational disease prevention responsibilities. We place high importance on employee health, conduct annual occupational health examinations for employees on duty, maintain comprehensive occupational health surveillance records for each employee, strictly adhere to pre-employment, during-employment, and post-employment medical examinations, and strictly implement the Occupational Disease Prevention Management System, Occupational Safety and Health Education System, and Labor Protection Supplies Management System. We regularly distribute labor protection supplies for free and strictly standardize the wearing of labor protection gear.

In 2023

the Company's total investment in employee occupational injury insurance was **7,859,800 RMB**

Indicator	Unit	2023
Total investment in occupational injury insurance	RMB 10,000	785.98
Number of employee mental health assistance	time	34
Coverage of physical examinations and medical records	%	100

Indicator	Unit	2023
Duration of workplace safety training	hour	1,733
Number of workplace safety training	time	589
Attendances for workplace safety training	attendance	29,187
Coverage of workplace safety training	%	100

In 2023

the Company organized **1,733 safety education and training sessions**

training a total of **29,187 participants**

Riyue and its subsidiaries have obtained occupational health system certification.



## FOCUSING ON INFORMATION SECURITY

The Company pays high attention to information security and has guided its subsidiary, Rixing Foundry, to establish Backup and Recovery Management Regulations, Computer and Network Use Management Regulations, and Computer Room Management System, to ensure the safe operation of computer systems, email systems, file systems and networks, protecting rights and interests of the Company and users from infringement and preventing the leakage of our documents. The Company strengthens the operation, maintenance and management of computers and networks to ensure that the computer systems and networks operate safely, reliably and stably, enhancing its overall management level.

## CONSOLIDATING SUPPLY CHAIN MANAGEMENT



### SUPPLIERS MANAGEMENT

The Company has established process documents such as Supplier Management Procedures and Material Procurement Bidding Management Methods to clearly specify the timing for supplier development, sources of new suppliers, methods to collect new supplier information, qualification assessment of suppliers and management requirements for the development of new suppliers. Additionally, based on the different importance of the procurement materials, the Company categorizes suppliers into different types and adopts varied frequencies of audits and performance evaluations for them. In the meantime, different performance levels of suppliers are set with corresponding reward and punishment methods, thus forming a complete closed-loop supplier management system.

As for supply chain risk management, the Company consistently adheres to a robust supply chain layout, with most materials supplied by more than three suppliers, to minimize the risks associated with sole-source suppliers.

In 2023, the Company implemented the SRM system, established a comprehensive supply chain database, and initially achieved transparency in the procurement process and digitalization of performance evaluations. The Company enhanced research and assessment of suppliers' EHS (Environment, Health, and Safety) aspects and took it as one of the criteria for new supplier introduction. Throughout the year, the Company reviewed 11 suppliers and terminated cooperation with one of them due to non-compliance.

As of the end of 2023  
the Company had a total of  
**942** suppliers

Indicator	Unit	2023
Number of suppliers by geographical region	—	942
Number of suppliers in China (the Chinese mainland)	—	936
Number of suppliers in China (Hong Kong, Macao and Taiwan) and foreign countries	—	6
Number of suppliers reviewed	—	11
Number of suppliers suspended for non-compliance	—	1

## ENHANCING CUSTOMER SATISFACTION

The Company focuses on communication and interaction with customers, collects feedback and opinions through various channels to better understand customers' needs and expectations and make timely improvements. It continuously improves the quality of products and services and provides comprehensive after-sales service. The Company actively engages in customer relationship management to maintain long-term partnerships with customers. Through regular customer satisfaction surveys and follow-ups, the Company promptly understands customer satisfaction levels and implements targeted measures for improvement, continuously enhancing the customer experience. In 2023, the Company's product qualification rate was 97.7%, and customer satisfaction reached to 91.07%.

Indicator	Unit	2023
Product percent of pass	%	97.70
Number of Products Recalled and Recall Rate	—	80
Number of customer complaints	time	1,251
Average Time to Address Customer Complaints	minute	90
Complaint resolution rate	%	100
Number of Customers Participating in Satisfaction Surveys	person	39
Customer satisfaction	%	91.07

In 2023  
the Company's product qualification rate was  
**97.70%**  
customer satisfaction reached to  
**91.07%**

## UNDERTAKING SOCIAL RESPONSIBILITY

The Company actively assumes its social responsibilities, fully utilizes its own resources and capabilities to build public welfare initiatives together with employees and all sectors of society, continuously transmits positive corporate energy, and achieves the integration of economic and social benefits.

### "Giving Love and Receiving Happiness" — Riyue employees participate in blood donation

In August 2023, the Company's Labor Union organized employees to participate in a blood donation activity.



CASE





# STRENGTHEN LEADERSHIP AND ENHANCE GOVERNANCE

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Remaining committed to enhancing the level of corporate governance, Riyue has made significant progress in environmental, social and governance aspects by strengthening the leadership of the Party, optimizing the construction of the Board of Directors and the Board of Supervisors, enhancing internal business ethics management, and increasing operational transparency. The Company will continue to improve governance mechanisms to achieve sustainable development goals and create long-term value for stakeholders.



# OPTIMIZING THE GOVERNANCE SYSTEM




## Reinforcing the Leadership of the Party

The Company consistently adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply understands the "Two Establishes" (Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era,) and resolutely upholds General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and the Party Central Committee's authority and its centralized, unified leadership. We pay strong attention to theoretical learning, strengthen political leadership and implement political responsibilities, and continuously improve the political judgment, comprehension, and execution abilities of the central Party organization and Party officials. Continuous efforts are made to enhance the functions of the Party organization in setting direction, overseeing the overall situation and ensuring implementation, with steady improvements achieved in Party-building levels. The Company remains committed to uniting and inspiring people with the Party's innovative theories, deeply studying, promoting and implementing the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. The study and implementation of the spirit of the 20th National Congress of CPC is taken as the primary political task for Party branch learning, to ensure thorough learning, understanding and implementation.

As of the end of 2023

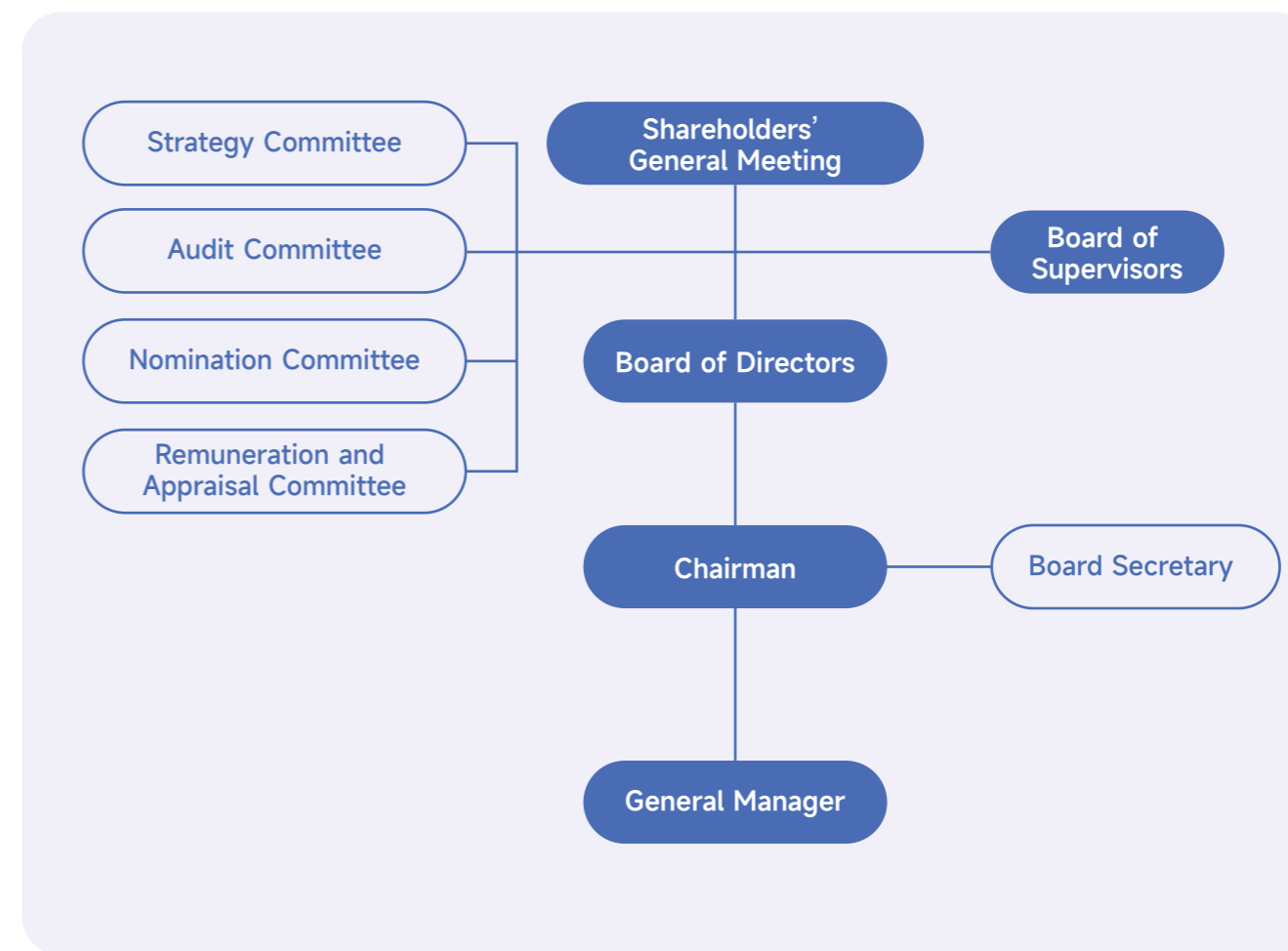
Party committee	Party branches
1	3
Party members	
46	

### Riyue's Party Building Activities in 2023

<p><b>Jan</b></p> <ol style="list-style-type: none"> <li>1. Timely followed up and studied latest important addresses and instructions of General Secretary Xi Jinping throughout the year.</li> <li>2. Developed the Party building work plan and plan of thematic Party day activities for the year.</li> <li>3. Held democratic consultation meetings to widely solicit opinions and suggestions from Party members and employees.</li> </ol>	<p><b>Feb</b></p> <ol style="list-style-type: none"> <li>1. Arranged and published the annual Party building tasks.</li> <li>2. Held seminars to inspire outstanding talents to join the Party.</li> </ol>	<p><b>Mar</b></p> <p>Studied and conveyed the spirit of the national "Two Sessions" and meetings at higher levels.</p> 	<p><b>Apr</b></p> <ol style="list-style-type: none"> <li>1. Evaluated and recommended excellent Party members.</li> <li>2. Carried out the "Book Reading Season" activity to build a learning-oriented enterprise.</li> </ol>
<p><b>Aug</b></p> <p>Conducted specialized training on Party affairs for Party branches.</p> 	<p><b>Jul</b></p> <p>Implemented the "Vanguard Index" work to honor and showcase outstanding Party members and employees.</p> 	<p><b>Jun</b></p> <ol style="list-style-type: none"> <li>1. Conducted comprehensive training and rotational training for Party members through "Party Secretary's Lectures."</li> <li>2. Carried out a series of activities to celebrate the 103rd anniversary of the founding of the CPC.</li> </ol>	<p><b>May</b></p> <ol style="list-style-type: none"> <li>1. Discussed and determined Party activists and potential candidates.</li> <li>2. Organized celebration activities for the Labor Union and the Communist Youth League.</li> </ol>
<p><b>Sept</b></p> <p>Held the thematic activity of "Endering Month to Excel at Posts" to encourage Party members and employees to offer ideas and suggestions.</p>	<p><b>Oct</b></p> <ol style="list-style-type: none"> <li>1. Carried out educational activities on socialist core values and patriotism.</li> <li>2. Had heart-to-heart talks and demotic consultation meetings with Party members.</li> </ol>	<p><b>Nov</b></p> <p>Discussed and determined Party activists and potential candidates.</p>	<p><b>Dec</b></p> <ol style="list-style-type: none"> <li>1. Conducted a collective vote on matters such as receiving probationary Party members and conversion of probationary members to full membership.</li> <li>2. Made the year-end summary.</li> </ol>

## Improving the construction of the Board of Directors and the Board of Supervisors

The Company has established and keeps improving the corporate governance structure where the Shareholders' General Meeting act as the highest authority, the Board of Directors serves as the decision-making body, special committees of the Board of Directors provide decision-making support, the management executes decisions, and the Board of Supervisors oversees operations. With all responsibilities and rights clearly delineated, the Shareholders' General Meeting, Board of Directors, Board of Supervisors, and the management perform their respective duties and responsibilities, coordinate with each other and maintain checks and balances.



In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Articles of Association of the Company, and other relevant laws and regulations, the Company has established internal control systems such as Rules of Procedure for the Shareholders' General Meeting, Rules of Procedure for Board of Directors, Rules of Procedure for Board of Supervisors, Independent Director System, Detailed Rules of Work for the General Manager, and strictly implements them.

The Company has nine members on its Board of Directors, including three independent directors, with women making up 22.2% of the Board of Directors. The Company held 9 meetings of the Board of Directors in 2023. The independent directors have all paid proactive attention to learn the Company's production, operation and management before related meetings, acquired necessary information and materials for decision-making, and made full preparations for significant decisions at meetings. They fully leverage their professional experience and expertise to provide independent judgment, knowledge and experience on matters discussed at the meetings, actively participate in discussions and offer practical and feasible recommendations, positively contributing to making scientific decisions at the Board of Directors and Shareholders' General Meeting.

In 2023  
The Company held  
**9** meetings of the Board of Directors

Indicator	Unit	2023
Number of directors in the Board of Directors	person	9
Average tenure of Board of Directors members	year	7.7
Male directors in the headquarters	%	77.78
Female directors in the headquarters	%	22.22

The Board of Supervisors consists of 3 supervisors, 1 of which is employee supervisors. The Company held 9 meetings of the Board of Supervisors in 2023.

In 2023  
The Company held  
**9** meetings of the Board of Supervisors

The Company actively organizes training for directors, supervisors and senior executives to enhance their professional knowledge and leadership abilities, ensuring that they perform their duties according to standards, better adapt to market changes, and promote the Company's continuous development. In 2023, the Company organized six training sessions for directors, supervisors and senior executives, covering policy trends, behavioral norms and governance improvement, among other topics. These trainings helped them gain the latest industry information and management experience, broaden their perspectives and strengthen their decision-making capabilities.



## EMPHASIZING BUSINESS ETHICS

### Anti-corruption and Anti-bribery

The Company pays close attention to anti-corruption and anti-bribery efforts in its business activities, strengthens system supervision, advances institutional anti-corruption measures, and intensifies supervision and management of personnel in key sections and positions prone to corruption. This ensures the enforcement of commitments to govern business bribery, strictly adheres to fair competition rules, and guides managers and related interest groups, such as customers and suppliers, to act legally with integrity, and to consciously resist negative corrupt behaviors such as profiteering, embezzlement, dishonesty and fraud, thereby establishing a positive corporate image.

### Riyue's Anti-Corruption and Anti-Bribery Policies

The Company has established an Anti-Corruption and Anti-Bribery Control Procedure, clearly stipulating

- Personnel in key sections and positions are covered by a commitment system of commercial bribery prevention, with personnel at key positions signing an Integrity Commitment Letter for Procurement Personnel with the Company;
- All customers, suppliers, service providers and contractors doing business with the Company must sign an Anti-Bribery Commitment Letter for Suppliers;
- The Company has set up integrity monitoring stations within its organization;
- Each business division conducts training and dissemination of integrity policies.

## Business Ethics

The Company strengthens the construction of internal control mechanisms to ensure honesty and integrity, establishing a business philosophy centered on lawful and honest conduct and quality service. Rixing Foundry, a subsidiary of the Company, has developed a Business Ethics Control Procedure, required employees to adhere to the highest ethical standards, forbade the establishment of price alliances, discrimination or insult to others, and set clear requirements regarding conflict of interest, acceptance of gifts, protection and use of company assets and intellectual properties, competition and fair trading, and whistleblower protection.

CASE

### A Riyue subsidiary incorporates business ethics into new employee training

In February 2023, Rixing Foundry, a subsidiary of the Company, conducted training for newly hired employees. The training included a themed lecture on business ethics, detailing the code of conduct for employees, the consequences of violations and the methods for filing appeals.



**RIYUE** 日月股份

#### 三、商业道德规范

一、从业人员行为准则

- 1、坚持认真学习有关的法律法规和公司的规章制度，坚决做到学法、守法、用法，依法依规办事，明明白白做人，干干净净干事。
- 2、不以权以岗谋私，不徇私滥权。忠于职守，克己奉公，廉洁从业，遵纪守法，不以权以岗谋私，不徇私滥权。
- 3、严格执行公司和部门采购业务各项标准和有关规定，处理业务事宜要做到公平合理。
- 4、不得以任何形式向供货方索取和收受回扣等好处费。不得接受供货方的礼金、有价证券、购物卡和贵重物品、奖励、赞助等。
- 5、除履行与自己职位有关的责任之外，在没有获得公司事先批准的情况下，员工既不应披露、发布或出版商业机密或公司的其他机密性商业信息，也不能使用其职责之外的机密信息，保持良好的职业道德，主动接受上级领导或监督小组的检查和监督。

健康 · 忠诚 · 创新 · 质量

## STRENGTHENING INTERNAL RISK CONTROL

The Company places high importance on risk management and consistently prioritizes the prevention of major risks. The Audit Committee of the Company's Board of Directors assesses operational risks, supports and urges the management team to improve its internal control, risk management and enhancement. At the same time, the Company has clearly defined the roles and responsibilities of the Board of Directors, Audit Committee, Board of Supervisors and the management within the internal control mechanisms. It establishes and continuously improves the risk management and internal control system, actively carries out risk control training, and adopts multiple measures to strengthen risk management.

It will continue to refine its internal control system centered on internal environment, risk assessment, control activities, information and communication and internal monitoring, aimed at a "comprehensive coverage, highlighted focus and effective control". It continuously deepens the "negative list" management mechanism, intensifies compliance training and education, builds a compliance management system that is "well-regulated, powerfully executed, tightly controlled and consistently effective," and strictly maintains a baseline against any significant regulatory penalty and major risk.

In 2023, the Company organized an annual risk and internal control maturity evaluation to identify internal control deficiencies, prepared the 2023 Internal Control Evaluation Report and continued follow-up work.



## INVESTOR RELATIONS AND RIGHTS

### Investor Relation Management

Investor relations management is a crucial means for positive interaction between a listed company and its investors, playing a significant role in enhancing the quality of the listed company and protecting the legitimate rights and interests of its investors. Riyue highly values the management of investor relations and has established the Investor Relations Management System, Internal Reporting System for Significant Information, Information Disclosure Management System, and Accountability System for Significant Errors in Annual Report Information Disclosure. These systems define the content, principles, and management forms of investor relations, standardize the Company's information disclosure practices, ensure the fairness of information disclosed, strengthen information communication with existing and potential investors, achieve integrity and self-discipline, regulate operation procedures and enhance the intrinsic value.

The Company values communication with investors, strengthens connections with them, and continuously drives the professionalization and refinement of investor relations management. The Board Secretary is designated as the person responsible for managing investor relations, organizing the day-to-day management activities of investor relations; the Board Office is designated as the specific organ responsible of investor relations management; efforts were made to enhance communication and interaction with investors, explore and establish diversified channels for investor relations management, and set up various communication channels including in-person, telephone, and online. Through performance presentations, investor research visits, investor hotlines, emails, and SSE e-interaction platforms, the Company conducts various forms of investor reception and communication activities, and engages in multi-channel open communication with investors, firmly establishing the awareness of "respecting and protecting investors," and fully ensuring that all investors are well-informed. The Company requires its staff to "listen to, remember, and clearly respond to" investor inquiries with "patience, politeness and reasonableness," taking each communication with investors seriously.

In 2023, the Company actively responded to 30 investor queries through SSE e-interaction platform, with no investor questions left unanswered. The Company answered 459 calls on the investor hotline; conducted 12 offline institutional reception activities, hosting a total of 67 institutions with 112 individuals; and, held three performance presentations, and two financial analysis meetings, with an average attendance of over 200 institutions and individuals per event. The Company proactively reported on quarterly, semi-annual and annual operating results, as well as the strategic planning for the upcoming period to investors. The Company proactively addressed investors' inquiries regarding the Company's operations, capacity projects and macroeconomic and industry conditions, providing thorough and extensive responses, which helped investors know better about the Company.

## Safeguarding Shareholders' Rights

The Company actively monitors capital market developments, persists in creating value for shareholders, and continues to improve the shareholder return mechanism. We tried all efforts to reward investors actively through transparent, stable, and sustainable dividend distributions and performance growth, with the long-term interests of the Company, the overall interests of all shareholders and sustainable development taken into consideration. The Rules of Procedure for the Shareholders' General Meeting are established to ensure the protection of shareholders' rights and interests. In 2023, the Company totally held 5 Shareholders' General Meetings, with the attendance rate of directors reaching 100%.

Indicator	Unit	2023
Number of Shareholders' General Meetings	time	5
Attendance rate of directors at the Shareholders' General Meeting	%	100

In June 2023, the Company distributed a cash dividend of RMB 2 (tax-inclusive) per 10 shares, totaling RMB 206 million in cash dividends.

## Information Disclosure Management

The Company, with an investors' needs-oriented approach and compliance-based guideline, established systems such as the Information Disclosure Management System and Internal Reporting System for Significant Information to fulfill all information disclosure obligations required by law, ensure that all disclosures are truthful, accurate, complete and timely, and guarantee that investors have equal access to company information. In 2023, the Company continued to strengthen the management of information disclosure affairs, timely and lawfully fulfilled its disclosure obligations, ensuring full and proper disclosure. Its information disclosure efforts received the highest category A rating.

In 2023, the Company proactively disclosed a total of 189 public documents, including 4 periodic reports, 91 interim announcements, and 94 other online documents, allowing investors to fully understand and correctly interpret the Company's operational situation, and aiding them better in making informed investment decisions.

Indicator	2023
Periodic reports compiled and published	4
Interim announcements released	91
Other online documents	94

### Riyue's Information Disclosure Work Receives Category A Rating

CASE

In October 2023, the SSE released the Evaluation Results of Information Disclosure Work for Listed Companies on the Shanghai Stock Exchange for 2022-2023. The Company's information disclosure work for the fiscal year 2022-2023 received a Category A rating, laying a solid foundation for the Company's commitment to becoming a "low-carbon, environmentally friendly and harmonious" high-tech heavy industry enterprise and a leading supplier of basic materials and equipment components in the global high-end equipment industry. This rating further enhances the Company's influence and competitiveness.



# APPENDIX

## KEY PERFORMANCE INDICATOR (KPI)

### Environmental

Indicator	Unit	2023
Exhaust pollutant emissions	kg	5,579.80
Sulfur dioxide	kg	2,774.80
Nitrogen oxide	kg	533
PM	kg	2,272
Wastewater discharge	metric ton	40,067
GHG emissions (Scope 1 & 2)	tCO <sub>2</sub> e	289,076.36
GHG emissions (Scope 1)	tCO <sub>2</sub> e	27,964.84
GHG emissions (Scope 2)	tCO <sub>2</sub> e	261,111.52
GHG emissions per RMB 10,000 of revenue (Scope 1 & 2)	tCO <sub>2</sub> e/RMB 10,000	0.6209
Total hazardous waste and disposal	metric ton	332.09
Hazardous waste generated per RMB 10,000 of revenue	metric ton/RMB 10,000	0.0007
Total non-hazardous waste	metric ton	55,086.02
Total non-hazardous waste generated per RMB 10,000 of revenue	metric ton/RMB 10,000	0.1183
Total energy consumption	TCE	57,765.39
Fossil energy consumption (direct)	TCE	10,444.86
Coke consumption	TCE	6,599.19
Gasoline consumption	TCE	20.12
Diesel oil consumption	TCE	499.99
Natural gas consumption	TCE	3,125.23
Liquefied petroleum gas consumption	TCE	200.34
Non-fossil energy consumption (direct)	TCE	1,774.67
Photovoltaic power	TCE	1,774.67

Indicator	Unit	2023
Outsourced energy (indirect)	TCE	45,545.86
Electricity consumption	10,000	37,059.29
Energy consumption per RMB 10,000 of revenue	TCE/RMB	0.1241
Total water consumption	metric	850,943.26
Water consumption per RMB 10,000 of revenue	metric	1.8278

### Social

Indicator	Unit	2023
Total number of employees	person	4,070
Male	%	79.63
Male directors in the headquarters	%	77.78
Female	%	20.37
Female directors in the headquarters	%	22.22
Age group	—	—
Ratio of employees aged 30 and below	%	26.73
Ratio of employees aged above 30 to 50	%	61.3
Ratio of employees aged over 50	%	11.97
Ethnic minorities	person	356
Department	person	—
Number of employees in sales and marketing	person	57
Number of employees in product R&D	person	366
Number of employees in customer service	person	39
Number of employees in administration	person	421

Indicator	Unit	2023
Educational background	—	—
Master's degree or above	%	0.37
Bachelor degree or below	%	99.63
Social insurance coverage	%	100
Employee satisfaction rate	%	92
Number of work-related fatalities	person	0
Rate of occupational deaths	%	0
Number of major safety accidents	—	0
Workplace safety investment	RMB 10,000	1,636.83
Duration of workplace safety training	hour	1,733
Number of workplace safety training	time	589
Attendances for workplace safety training	attendance	29,187
Coverage of workplace safety training	%	100
Total investment in occupational injury insurance	RMB 10,000	785.98
Total number of people covered by occupational injury insurance	person	3,093
Number of employee mental health assistance	time	34
Coverage of physical examinations and medical records	%	100
Employee training coverage	%	100
Training coverage of male employees	%	100
Training coverage of female employees	%	100
Number of employee training	time	2,520
Total training expenditure in the year	RMB 10,000	88.56
Total length of training in the year	hour	44,371.94
Average length of training per employee	hour	75.02
Number of suppliers by geographical region	—	942
Number of suppliers in China (the Chinese mainland)	—	936
Number of suppliers in China (Hong Kong, Macao and Taiwan) and foreign countries	—	6

Indicator	Unit	2023
Number of suppliers reviewed	—	11
Number of suppliers suspended for non-compliance	—	1
Product percent of pass	%	97.70
Number of Products Recalled and Recall Rate	—	80
Number of customer complaints	time	1,251
Average Time to Address Customer Complaints	minute	90
Complaint resolution rate	%	100
Number of Customers Participating in Satisfaction Surveys	person	39
Customer satisfaction	%	91.07
R&D investment	RMB 100 million	2.59
Proportion of R&D investment	%	5.56
Proportion of R&D personnel	%	8.99
Patents	—	156

## Governance

Indicator	Unit	2023
Number of meetings of the Board of Supervisors	time	9
Average tenure of Board of Supervisors members	year	2.4
Number of directors in the Board of Directors	person	9
Number of meetings of the Board of Directors	time	9
Average tenure of Board of Directors members	year	7.7
Number of compliance training	time	34
Length of compliance training	hour	38
Attendances for compliance training	attendance	1,358

Indicator	Unit	2023
Anti-corruption trainings	time	29
Length of anti-corruption training	hour	29
Number of participants receiving anti-corruption training	attendance	793
Number of articles and cases related to anti-corruption themes pushed	time	3
Number of Shareholders' General Meetings	time	5
Attendance rate of directors at the Shareholders' General Meeting	%	100
Periodic reports compiled and published	—	4
Interim announcements released	—	91
Other online documents	—	94

## TABLE OF COMPANY NAMES AND ABBREVIATIONS

Abbreviation	Full Name
Riyue	Riyue Heavy Industry Co., Ltd.
Rixing Foundry	Ningbo Rixing Foundry Co., Ltd.
Essence Metal	Ningbo Essence Metal Machinery Co., Ltd.
Yuxing Metal	Ningbo Yuxing Metal Machinery Co., Ltd.
Riyue Nuclear Equipment	Ningbo Riyue Nuclear Equipment Manufacturing Co., Ltd.
Precision Manufacturing	Ningbo Riyue Essence Precision Manufacturing Co., Ltd.
Mingling Technology	Ningbo Mingling Technology Co., Ltd.
Riyi Intelligent	Ningbo Riyi Intelligent Equipment Co., Ltd.
Gansu Riyue	Riyue Heavy Industry (Gansu) Co., Ltd.
Jiuquan Zhexinneng	Jiuquan Zhexinneng Wind Power Co., Ltd.
Zhixin Testing	Xiangshan Riyue Zhixin Testing Technology Co., Ltd.
Riyue New Energy	Ningbo Riyue Rixing New Energy Technology Co., Ltd.

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## QUESTIONNAIRE

Dear reader,

Hello!

Thank you for reading the 2023 Environmental, Social and Governance (ESG) Report of Riyue Heavy Industry Co., Ltd. If you have any comments or suggestions concerning this report, please do not hesitate to inform us. Help us improve our sustainable development management in the future!

Multiple-choice questions (Please place a check mark (√) in the answer box that corresponds to your response)

1. What type of stakeholders does your employer belong to:

- Government     Investor     Employee     Customer     Supplier/Contractor
- Partners     Peer     Community and public     Media     NGO
- Others (please specify)

2. Your overall comment on this Report?

- Excellent     Good     Average     Below Average     Poor

3. In your opinion, the structure of this Report is?

- Highly Reasonable     Reasonable     Average     Unreasonable     Highly Unreasonable

4. How would you rate the level of disclosure of the information you are concerned about in this Report?

- Highly Comprehensive     Fairly Comprehensive     Partially Covered     Barely Covered     Not Covered

5. What other information that you are concerned about is not reflected in this report?

6. What suggestions do you have for the ESG Report of Riyue?

Please provide your feedback by following methods:

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Board Office, Riyue Heavy Industry Co., Ltd.

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