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2023

Environmental, Social, and Governance (ESG) Report

Henan Qingshuiyuan Technology Co., Ltd.



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About This Report

This is the second Environmental, Social and Governance (ESG) Report issued by Henan Qingshuiyuan Technology Co., Ltd. (“the Company”), with a focus on disclosing the Company's environmental, social, and governance philosophies, practices and achievements in 2023. This report informs stakeholders about the operations of the Company, aiding shareholders, partners, employees, and the general public in gaining a comprehensive understanding of the Company.

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023. To enhance the readability of this report, some statements and data may be appropriately referred to previous years or extended beyond the Reporting Period.

Preparation Basis

United Nations Sustainable Development Goals (SDGs)
 China National Standardization Administration Committee (CNSA) Guidelines for Preparing Social Responsibility Reports (GB/T 36001-2015)
Guidelines on China's Corporate Social Responsibility Reports (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences (CASS)
GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB)
 Shenzhen Stock Exchange *Guidelines NO. 2 Self-regulation for Companies Listed on Shenzhen Stock Exchange-Standardized Operation of Companies Listed on GEM*

Organization Scope and Appellation Description

This report covers Henan Qingshuiyuan Technology Co., Ltd. and its subsidiaries. The scope of this report is consistent with that of the Company's Annual Report. For the ease of expression and readability, “Henan Qingshuiyuan Technology Co., Ltd.” is also referred to as “Qingshuiyuan” , “the Company” or “we” in this report. Furthermore, the “country” and “government” in this report refer to the People's Republic of China and its administrative agencies.

Company Name	Abbreviation
Henan Qingshuiyuan Technology Co., Ltd.	Qingshuiyuan, the Company or we
Henan Tongsheng Environmental Engineering Co., Ltd.	Tongsheng Environmental
Shaanxi Ande Technological Industry Co., Ltd.	Ande Technology or Shaanxi Ande
Jiyuan Qingyuan Water Treatment Co., Ltd.	Qingyuan Water Treatment
H2Q INC	H2Q
Jiyuan Siweida Environmental Protection Technology Co., Ltd.	Siweida
Henan Shuiyunzong Intelligent Control Technology Co., Ltd.	Shuiyunzong
Qingshuiyuan (Shanghai) Environmental Technology Co., Ltd.	Qingshuiyuan Shanghai

Data Sources and Reliability Assurance

The data disclosed in this report are all sourced from public information, internal documents, and statistics from relevant functional departments of the Company. This report doesn't contain any false records, misleading statements, or material omissions.

Access to this Report

You may access and download the electronic version of this report at the websites of Shenzhen Stock Exchange (<http://www.szse.cn>) or Henan Qingshuiyuan Technology Co., Ltd. (<http://www.qywt.com.cn>) to learn more information about Qingshuiyuan.

Message from the Chairman

In an environment brimming with changes and challenges, we must strive vigorously and positively to achieve better results or accomplish our goals.

2023 was the first year for us to fully implement the guiding principles of the 20th CPC National Congress, and also a year when we faced numerous challenges and forged ahead with determination. In the year, we made concerted efforts, tackled difficulties, efficiently coordinated and sustained our actions, and achieved significant improvements in fields of Party building leadership, business development, safety production, project construction, scientific research innovation, transparent bidding and procurement, revenue increase and expenditure reduction, enhancement of corporate culture, and fulfillment of social responsibilities.



Looking back on the year, we adhered to green, intelligent and efficient development, promoted industrial innovation with scientific and technological innovation, and shaped new momentum and advantages for high-quality development. Furthermore, we continuously advanced the construction of the Qingshui Fine Chemical Industrial Park, deepening cooperation between industry, academia, and research institutions, and made breakthroughs in the construction of scientific research projects and the development of new products. Our efforts were intensified in building a talent pool, implementing democratic decision-making for management teams and business objectives, and promoting health initiatives for all employees. We also actively practiced social responsibility, closely followed the national strategy of rural revitalization, organized public welfare donations, community services and equipment donations, and promoted social development with practical actions, making a contribution to building the community of a shared future for mankind.

The year 2024, marking the 75th anniversary of the founding of New China, is a critical year for us to steadfastly improve operational management quality and efficiency, enhance performance, and accelerate development. We will continue to uphold the core philosophy of “being a centurial enterprise benefiting the society and serving the world”, promote the deep integration of Party building with production and operation, and unwaveringly adhere to the principles of legality and compliance. Taking the investor as the foundation, we will effectively protect the interests of small and medium-sized investors, emphasize actual performance, strengthen the responsibility, abide by the bottom line, and promote the sustainable improvement of our corporate governance level as a listed company.

Steadfastly committed to the unswerving development of science and technology, we will focus on innovating the environmental protection industry chain centered around water. Emphasizing our core business, our efforts will be directed towards driving forward the construction of research platforms, facilitating the application and translation of research findings, and nurturing the development of key talent. With the in-depth implementation of the strategy of enhancing corporate strength with talents, our aim is to establish a robust and high-quality talent pool to fortify the foundation of our growth. By expanding and deepening cooperation and exchange with scientific research institutes, colleges and universities, we seek to create an innovative pattern of integration between industry, academia, research institutions, and the application of research results.

We will pursue high-quality development, uphold altruistic sentiments, and actively explore the construction of a new ecology that help us achieve mutual assistance and cooperation with all stakeholders. Learning from excellent ESG governance practices of peers, we aim to unite stakeholders, foster innovation, and prioritize both economic and social impact. Our focus is on balancing the value of society, investors, employees, and customers, actively taking on social responsibilities, emphasizing environmental preservation and sustainable development, integrating ESG governance into our business operations and growth strategies, and enhancing our competitiveness in the industry.

Hard work in spring brings early fruits, while diligence yields results in autumn. Embracing the vibrant and verdant year of 2024, we will anchor our goals, activate the “accelerator button” for innovative development, promote quality with innovation, move towards new directions, continuously open up new paths, shape new advantages, and cultivate and develop new productive forces. Together with our extensive network of partners and investors, we endeavor to promote mutual growth and strive towards a shared and prosperous future. Our commitment lies in contributing as a vital force in the pursuit of China’s modernization.

Henan Qingshuiyuan Technology Co., Ltd.
Chairman & President: Wang Zhiqing

Performance in 2023

Economic Performance

Operating Income RMB 1.13 billion	Total Assets RMB 2.81 billion	Total Tax Payment RMB 29.14 million
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Environmental Performance

Environmental Investment RMB 115.83 million	Rectification Rate of Environmental Hidden Dangers 100.00%	Safe Disposal Rate of Hazardous Waste 100.00%
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Governance Performance

Percentage of Independent Directors 33.33%	Percentage of Female Directors 33.33%	Reply rate on irm.cninfo.com.cn 100.00%
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Social Performance

Investment in R&D RMB 12.65 million	Social Security Coverage 100.00%	Occupational Health Examination Coverage 100.00%
Return Rate from Maternity Leave 100.00%	Investment in Employee Benefits RMB 16.47 million	Investment in Employee Training RMB 407,500
Coverage Rate of Safety and Risk Prevention Training 100.00%	Investment in Safety Production RMB 8.13 million	Charitable Donations RMB 55,300





Qingshuiyuan



Glance at Qingshuiyuan

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Company Profile

Henan Qingshuiyuan Technology Co., Ltd. (hereinafter referred to as “Qingshuiyuan”, “the Company” or “we”), established in 1995, is headquartered in the Jiyuan High-Tech Industrial Development Zone, Henan Province. On April 23, 2015, Qingshuiyuan was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange (stock code: 300437). The Company has set up subsidiaries in Beijing, Shanghai, Xi'an, Zhengzhou, Haikou, and the United States, among which Qingshuiyuan Shanghai, Ande Technology, and Shuiyunzong are national high-tech enterprises. As a standing council member of the Specialized Committee on Industrial Water Treatment of the Chemical Industry and Engineering Society of China, and a member of the Subcommittee on Water Treatment Chemicals under the National Technical Committee on Chemicals of Standardization Administration of China, Qingshuiyuan has contributed to the formulation and revision of 28 national standards and 46 industrial standards, holds over more than 100 patents and exports products to over 50 countries and regions worldwide.

Corporate Culture

To be a centurial enterprise benefiting the society and serving the world.

Core Philosophy

Vision

To be a domestic first-class and world-leading environmental protection company.

Diligence, Persistence, Learning and Innovation.

Enterprise Spirit

Governance Philosophy

We are making efforts to contribute to the growth of the Company, the happiness of our families, and the cohesion of society.

Milestones in 2023



Qingshuiyuan successfully passed the customs' AEO senior certification.



Qingshuiyuan hosted the “summer camp” themed “Strengthening Health, Culture and Strategy” for partners in 2023.



Qingshuiyuan participated in organizing the “Seminar on Registration Reform and SME Financing”.



Qingshuiyuan fulfilled social responsibilities and practiced the original intention of public welfare — Qingshuiyuan held the 2023 University Freshman Scholarship Award Ceremony.



Qingshuiyuan held a symposium to celebrate the eighth anniversary of listing.



Qingshuiyuan organized a kick-off meeting for learning and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.



Qingshuiyuan held the “Healthy Journey Through Trials and Hardship” customer exchange event to celebrate the 28th anniversary of Qingshuiyuan.



The Provincial Youth League Committee and the Provincial Youth Development Foundation awarded Qingshuiyuan the title of “Caring Unit”.

Company Structure



Henan Qingshuiyuan Technology Co., Ltd.



Jiyuan

Jiyuan Qiyuan Water Treatment Co., Ltd.

Pharmaceutical R&D and Production Base



Jiyuan

Jiyuan Siweida Environmental Protection Technology Co., Ltd.

Environmental Sanitation Facility Technology Development and Urban Solid Waste Treatment Center



Zhengzhou

Henan Tongsheng Environmental Engineering Co., Ltd.

Project Operations Center, PPP Implementation Entity



Xi'an

Shaanxi Ande Technological Industry Co., Ltd.

Pharmaceutical Service Center, Industrial Water System Hosting



Shanghai

Qingshuiyuan (Shanghai) Environmental Technology Co., Ltd.

Technology Development Center, Engineering Project Center



US

H2Q INC (US)

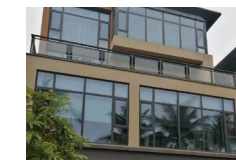
Overseas Business Center, Technology Introduction Platform



Beijing

Qingshuiyuan (Beijing) Investment Co., Ltd.

Financing Center



Haikou

Hainan Qingshuiyuan Environmental Technology Co., Ltd. in Hainan Free Trade Zone

Import and Export Trade, Comprehensive Environmental Management



Jiyuan

Henan Shuiyunzong Intelligent Control Technology Co., Ltd.

Intelligent Water Treatment Services, Sensor R&D and Production Base

Milestones

- 1995
 - ▶ Qingshuiyuan Group's predecessor, Jiyuan Qingyuan Water Treatment Co., Ltd., was established.
- 1999
 - ▶ Qingshuiyuan was elected as a member of the Subcommittee on Water Treatment Chemicals under National Technical Committee on Chemicals of Standardization Administration of China.
- 2008
 - ▶ Henan Qingshuiyuan Technology Co., Ltd. was established through the share reform.
- 2009
 - ▶ Qingshuiyuan obtained the title of "National High-tech Enterprise".

- 2010
 - ▶ Qingshuiyuan was recognized as "Henan Water Treatment Chemical Engineering Technology Research Center" and "Enterprise Technology Center of Henan Province".
 - ▶ Qingshuiyuan was awarded the title of "Key High-Tech Enterprise under the National Torch Program".
- 2011
 - ▶ Qingshuiyuan was elected as a standing council member of the Specialized Committee on Industrial Water Treatment of the Chemical Industry and Engineering Society of China.
- 2015
 - ▶ Qingshuiyuan received NSF system certification from the National Sanitation Foundation for five consecutive years.
 - ▶ Qingshuiyuan was listed on the GEM of the Shenzhen Stock Exchange.
 - ▶ Qingshuiyuan (Shanghai) Environmental Technology Co., Ltd. was officially established.
- 2016
 - ▶ H2Q INC was established.
 - ▶ Beijing Marketing Center was established.
 - ▶ Qingshuiyuan acquired Henan Tongsheng Environmental Engineering Co., Ltd. and turned it into a wholly-owned subsidiary.

- 2017
 - ▶ Qingshuiyuan acquired Shaanxi Ande Technological Industry Co., Ltd. and turned it into a wholly-owned subsidiary.
 - ▶ Qingshuiyuan signed a contract with the Research Center for Eco-environmental Sciences, Chinese Academy of Sciences to jointly build the "Engineering Technology R&D Center for Soil Pollution Control and Ecological Restoration".
- 2018
 - ▶ A wholly-owned subsidiary, Jiyuan Qingyuan Water Treatment Co., Ltd., was established.
 - ▶ A wholly-owned subsidiary, Jiyuan Siweida Environmental Protection Technology Co., Ltd. was established.
 - ▶ A wholly-owned subsidiary, Hainan Qingshuiyuan Environmental Technology Co., Ltd., was established in the Hainan Free Trade Zone.
- 2019
 - ▶ A joint venture, Henan Shuiyunzong Intelligent Control Technology Co., Ltd., was established.
- 2020
 - ▶ International Joint Laboratory for Smart Water Treatment Systems in Henan Province obtained approval.
 - ▶ A signing and inauguration ceremony was held for the Qingshuiyuan - Zhengzhou University Ecological Environment Research Institute.

- 2021
 - ▶ An inauguration ceremony was held for the Henan Provincial Postdoctoral Innovation Practice Base (Qingshuiyuan).
- 2022
 - ▶ Qingshuiyuan initiated the Jiyuan City Charity Federation - Qingshuiyuan Fund.
- 2023
 - ▶ Qingshuiyuan successfully passed the customs' AEO senior certification, becoming an "Approved Exporter" under the *Regional Comprehensive Economic Partnership* (RCEP).

Honors



Outstanding Party Branch in 2022



2022 Advanced Enterprise in Contribution to Economic Development



Outstanding Private Enterprise in Jiyuan Demonstration Zone



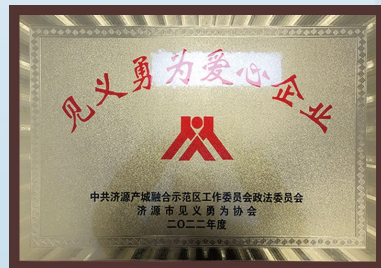
Most Influential Brand in the Industry - Henan Qingshuiyuan Technology Co., Ltd.



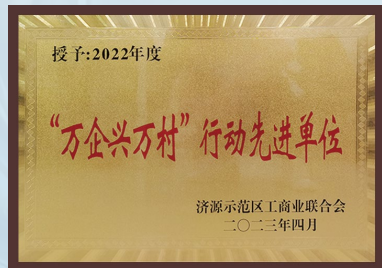
Advanced Primary-Level Party Organizations of Jiyuan Demonstration Zone



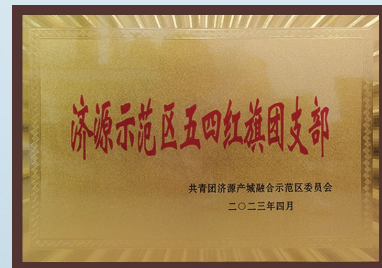
Civilized Unit in Jiyuan Demonstration Zone



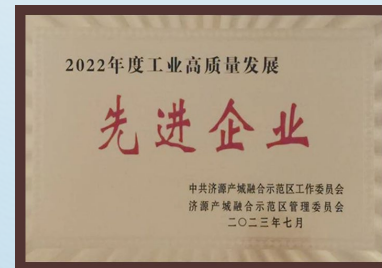
Caring Enterprise for Justice and Courage



Advanced Unit in “Thousands of Enterprises Prosper Thousands of Villages” Campaign



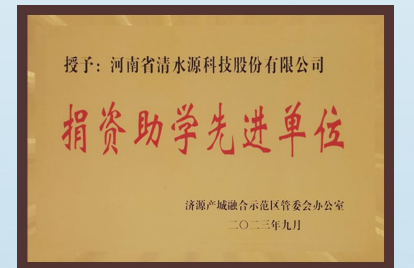
May 4th Red Flag Youth League Committee of Jiyuan Demonstration Zone



2022 Advanced Enterprise in High-Quality Industrial Development



Member of Henan Environmental Federation



Advanced Unit in Donation for Education



Charitable Unit

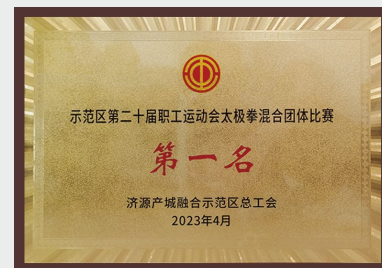


Member Unit of the Second Council

Honors in Tai Chi Competitions



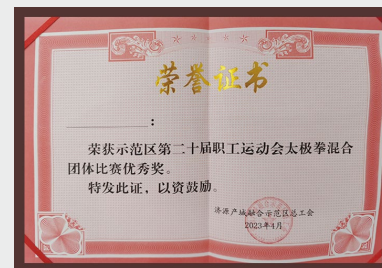
Group Excellence Award of 2023 Spring Tai Chi (Sword) Competition in Jiyuan Production-City Fusion Demonstration Zone



The First Prize of Tai-Chi Mixed Group Competition in the 20th Workers' Sports Meeting of the Demonstration Zone



The Second Prize of Tai-Chi Mixed Group Competition in the 20th Workers' Sports Meeting of the Demonstration Zone



Excellent Prize of Tai-Chi Mixed Group Competition in the 20th Workers' Sports Meeting of the Demonstration Zone



The First Prize in the Tai Chi Group Competition

Sustainable Development Management

Qingshuiyuan takes on social responsibilities by integrating ESG governance into business and development strategies. Adhering to the sustainable development philosophy of “being a centurial enterprise benefiting the society and serving the world”, we continuously enhance our awareness and ability to fulfill responsibilities in a holistic manner and promote sustainable development.

The Office of the Board of Directors took the lead in forming the ESG Report Working Group to coordinate, harmonize and promote relevant work processes. All business departments actively participated in these efforts and undertook corresponding duties according to their respective functions to assist in the preparation of the ESG report.



Qingshuiyuan Offered ESG-Theme Training and Held a Kickoff Meeting.

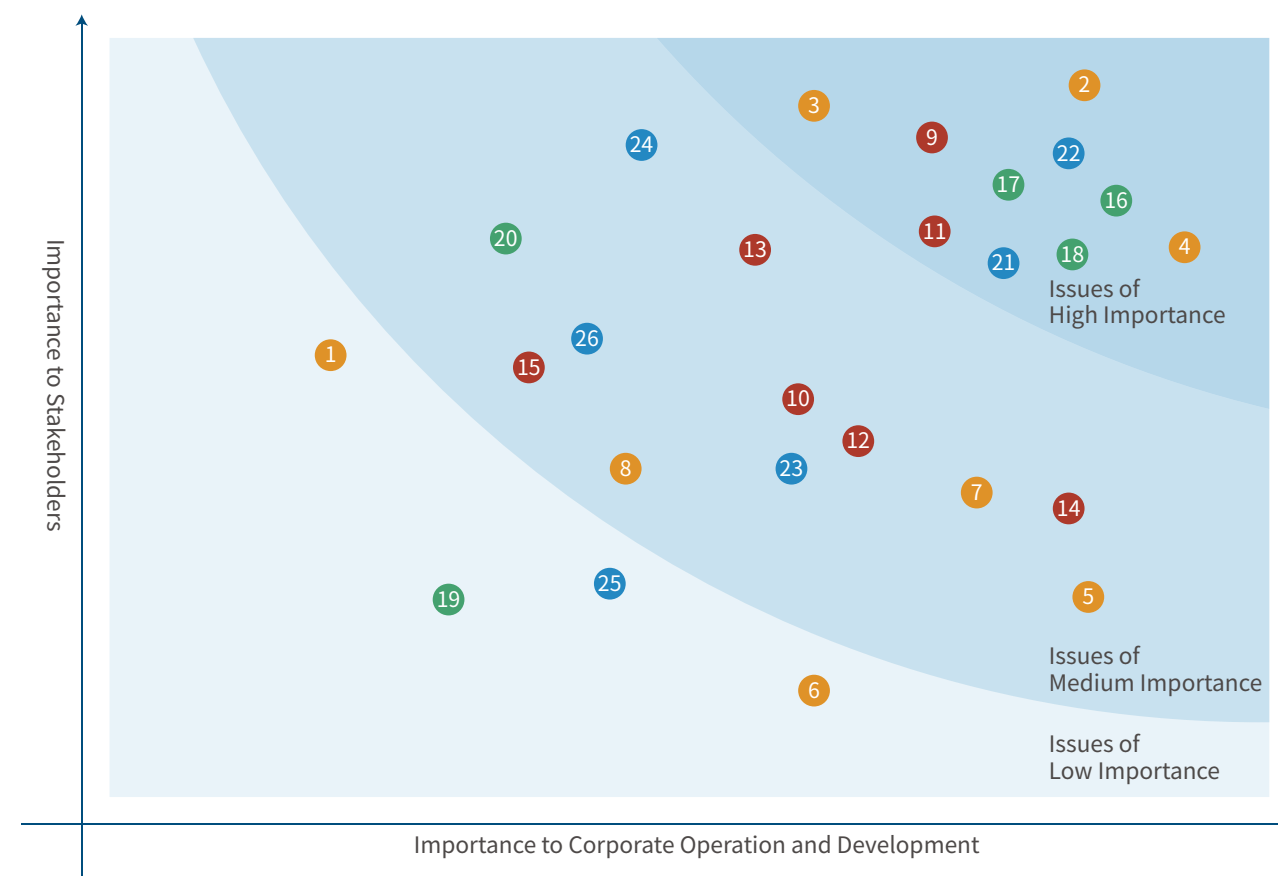
Stakeholder Communication

We attach great importance to communication and exchange with stakeholders, maintain close contact with government, shareholders, customers, suppliers, and employees, listen fully to stakeholders' expectations and demands, and further improve the corporate environment, social, and governance based on this, to deepen ESG practices and continue to improve our ESG management level.

Stakeholders	Expectations and Demands		Communication and Response	
Investors and Shareholders	<ul style="list-style-type: none"> Enhancement of Risk Management Fair Access to Information 	<ul style="list-style-type: none"> Protection of Shareholders' Rights and Interests 	<ul style="list-style-type: none"> Improvement of Internal Control Timely Information Disclosure 	<ul style="list-style-type: none"> Enhancement of Communication with Investors
Suppliers	<ul style="list-style-type: none"> Fair and Open Procurement Contributing to Industry Development 	<ul style="list-style-type: none"> Integrity and Reciprocity 	<ul style="list-style-type: none"> Win-win cooperation Open and Transparent Procurement Mechanisms 	<ul style="list-style-type: none"> Participation in the Development of Industry Standards
Customers	<ul style="list-style-type: none"> Satisfaction with Diverse Demands Supply of High-Quality Service 	<ul style="list-style-type: none"> Assurance of Product Quality 	<ul style="list-style-type: none"> Guarantee for Product Supply Emphasis on Quality Supervision Mechanisms 	<ul style="list-style-type: none"> Improvement of Service Quality
Media and Public	<ul style="list-style-type: none"> Information Disclosure 	<ul style="list-style-type: none"> Good Media Relations 	<ul style="list-style-type: none"> Response to Media Inquiries 	<ul style="list-style-type: none"> Organization of Open Day Events
Social Organizations	<ul style="list-style-type: none"> Focus on Community Development 	<ul style="list-style-type: none"> Co-building of Harmonious Communities 	<ul style="list-style-type: none"> Engagement in Public Welfare Activities 	<ul style="list-style-type: none"> Participation in Community Building
Employees	<ul style="list-style-type: none"> Compensation and benefits Training and Development 	<ul style="list-style-type: none"> Health and safety Democratic Governance 	<ul style="list-style-type: none"> Refining compensation and benefits packages Protection of Employee Health and Safety 	<ul style="list-style-type: none"> Sound Training and Development System Organization of Employee Activities
Governmental or Regulatory Agencies	<ul style="list-style-type: none"> Lawful tax payment Facilitating economic growth 	<ul style="list-style-type: none"> Compliant operation 	<ul style="list-style-type: none"> Response to Government Calls Compliance with Relevant Laws and Regulations 	<ul style="list-style-type: none"> Enhancement of Government-Enterprise Communication
Higher Education Institutions and Research Institutes	<ul style="list-style-type: none"> Initiation of Technical Exchanges 	<ul style="list-style-type: none"> Provision of Employment Opportunities 	<ul style="list-style-type: none"> Improvement of School-Enterprise Cooperation 	<ul style="list-style-type: none"> Organization of Campus Job Fairs

Materiality Assessment

Taking into account our own strategic planning and benchmarking against outstanding companies in the industry, we have updated the matrix and identified the following 26 material ESG issues. For different issues, we analyze our sustainable development realities, formulate development strategies and specific measures, and disclose key points in this report to respond to the demands of stakeholders.



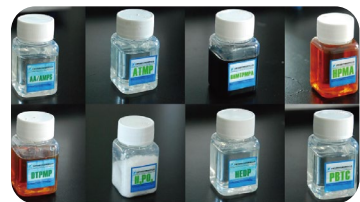
Environmental Responsibility	Product Responsibility	Corporate Social Responsibility	Governance Responsibility
① Environmental Management System	⑨ Scientific and Technological Innovation	⑯ Occupational health and safety	⑳ Risk Management
② Pollutant and Waste Management	⑩ Protection of Intellectual Property Rights	⑰ Protection of Employees' Rights and Interests	㉑ Business ethics
③ Water resource management	⑪ Product Quality Management	⑱ Development and Training	㉒ ESG Governance
④ Ecological Environmental Protection	⑫ Customer Service	⑲ Social Welfare	㉓ Protection of Shareholders' Rights and Interests
⑤ Energy Management	⑬ Information security and privacy protection	⑳ Support for Rural Revitalization	㉔ Investor Relations Management
⑥ Clean Energy	⑭ Supply Chain Management		㉕ Response to National Policies
⑦ Low-Carbon Operation	⑮ Industry Engagement		
⑧ Actions against Climate Change			

Topic: Professional Eminence, Painting the Ecological Pictures Together

In line with the national ecological civilization construction strategy, Qingshuiyuan has always pursued the vision of “becoming a domestic first-class and world-leading environmental protection company”. The Company has been committed to the environmental protection industry and developed an innovative industrial chain that focuses on industrial water treatment and ecological environmental protection and grows coordinately business segments such as the R&D and production of water treatment chemicals, intelligent services for industrial water treatment, treatment and resource utilization of complex industrial wastewater, and municipal and rural domestic sewage treatment. This chain helps Qingshuiyuan continuously provide technical support and systematic solutions for industrial water treatment, support water pollution prevention and control projects, and contribute to ecological environmental protection.

Focusing on the Water-Centered Development of the Environmental Protection Industry Chain

Industrial Water Treatment



R&D and Production of Water Treatment Chemicals



Intelligent Service for Industrial Water Treatment



Treatment and Resource Utilization of Complex Industrial Wastewater

Ecological and Environmental Protection



Municipal and Rural Domestic Sewage Treatment



Ecological Restoration and River Channel Governance

Industrial Water Treatment

Production of Water Treatment Chemicals

The Company is one of the leading domestic producers of water treatment chemicals, with a large production capacity and a wide range of product series. We have obtained NSF certification in the United States and completed REACH registration in the European Union.

At present, the Company has a design capacity of 270,000 tons/year, covering 8 series (more than 60 varieties) of water treatment agents and derivatives, such as scale inhibitors and dispersants, scale and corrosion inhibitors, bactericidal and anticorrosive agents, oilfield auxiliaries, daily chemical auxiliaries, textile printing and dyeing auxiliaries, etc. These products are widely used in the chemical industry, iron and steel, electric power, metallurgy, daily chemical industry, washing, printing and dyeing, and other fields.



Water Treatment Agent Production Plant of Qingshuiyuan

Intelligent Service of Shuiyunzong

Seizing the opportunity of the new round of technological development, the Company is committed to transforming from a production-oriented enterprise to a modern environmental protection intelligent service provider. Based on nearly thirty years of service experience in the water treatment industry, the Company independently developed the Shuiyunzong Industrial Internet platform - Water Treatment Intelligent Service System which integrates sensor technology, artificial intelligence technology, and the Internet technology to solve problems encountered in the production and service processes.

We have obtained **10** utility models | **2** inventions | **19** software copyrights related to the platform

The Water Treatment Intelligent Service System is based on online water quality monitoring sensors, intelligent terminal equipment for water treatment, cloud service modules, and intelligent operation systems. In a service mode of “back-end system + on-site hardware equipment + operation and maintenance team control and management”, it achieves online monitoring of industrial water treatment systems, intelligent dosing, network transmission, abnormal alarm, and remote control, helping customers improve quality and efficiency and achieve energy conservation and emission reduction. The Shuiyunzong Industrial Internet Platform can be widely applied across various industries. There are potentially hundreds of thousands of users among enterprises above the designated size in China, providing a market opportunity of hundreds of billions yuan for intelligent water treatment services.



Business Operations of the Shuiyunzong Industrial Internet Platform

Treatment and Resource Utilization of Complex Industrial Wastewater


The Company has grasped the industry's technological bottlenecks, overcome key technical challenges, and formed a technical and equipment system including advanced oxidation, efficient oil-water separation, efficient biochemistry, membrane application, salt separation, and zero discharge. Additionally, in combination with some softening pretreatment technologies, we produce salt solids with extremely low moisture content and package them for external delivery, achieving true “zero discharge” of wastewater. The Company mainly provides technical consultation, process design, environmental protection equipment, engineering construction, and commissioning operation solutions for industries such as petrochemicals, coal chemicals, electricity, iron and steel, coking, and non-ferrous metal smelting.

Advantageous Areas

 Diagnosis and Upgrading of Industrial Wastewater Process

 Wastewater Treatment of Coal Chemical Industry and Oil Refining Chemical Industry

 Treatment of Difficult-to-Degrade Coking Wastewater

 Non-ferrous metal smelting

 Zero Discharge of Desulfurization Wastewater from Power Plants

 Third-party Operation of Industrial Wastewater Treatment Facilities

Demineralized Water

EPC Projects for Desalinated Water Stations and Backup Systems of Shengxin Coking Co., Ltd.



Desalinated Water Station Project Backup System EPC Project of Shanxi Lingxin Coal Coking Co., Ltd.



Wastewater Treatment Station EPC Project of Shanxi Yongxin Tonghai Railway Logistics Co., Ltd.



Wastewater Treatment

Total Contracting Project of Silver Nitrate-Containing Wastewater Treatment System for Precious Metal Optoelectronic New Materials Project of Jiyuan Baiyin Optoelectronic New Materials Co., Ltd.



Lactic Acid Water Treatment Equipment Project of Henan Jindan Lactic Acid Technology Co., Ltd.



Reuse of Reclaimed Water

Reclaimed Water Reuse Project of Henan Lianchuang Chemical Co., Ltd.



Reclaimed Water Reuse Project of Jinkai.



Ecological Conservation

Municipal and Industrial Park Sewage Treatment

The Company holds qualifications such as Grade A Environmental Engineering Designer (Water Pollution Prevention and Control Engineering) and Grade II General Contractor for Municipal Public Works, and possesses strong capabilities in engineering design, construction, and professional operation management systems. We continuously strengthen the technical foundation of wastewater treatment, promote the standardization of wastewater treatment business, and enhance the scientific and professional nature of wastewater treatment solutions.

Now, the Company owns 7 wastewater treatment plants in 2 provinces and 5 cities.

Technical Advantages



Biological denitrification and desulfurization technology

1. Simple process, short hydraulic retention time and low operation cost
2. Stable system operation, and high pollutant removal rate
3. No need for additional carbon source, and no sludge expansion



Improved Carrousel oxidation ditch

1. Remarkable energy-saving effect
2. Extremely strong stirring ability and impact resistance
3. High oxygen transfer efficiency
4. Good denitrification and phosphorus removal effects
5. Good sludge settling performance and stability
6. Low investment cost

Sewage Treatment Plants



Jinkai Synthetic Ammonia Sewage Treatment Plant with an Annual Capacity of Millions Tons (Treatment Capacity: 20,000 tons/day)



Industrial Cluster Sewage Treatment Plant in Luyi County (Treatment Capacity: 20,000 tons/day)



Shizhuang Sewage Treatment Plant in Ruzhou City (Treatment Capacity: 25,000 tons/day)



Second Sewage Treatment Plant in Yichuan County, Luoyang City (Treatment Capacity: 20,000 tons/day)



Sewage Treatment Plant in Songjiang Industrial Cluster Area in Luohe City (Treatment Capacity: 30,000 tons/day)



Second Sewage Treatment Plant in Linying County, Luohe City (Treatment Capacity: 30,000 tons/day)

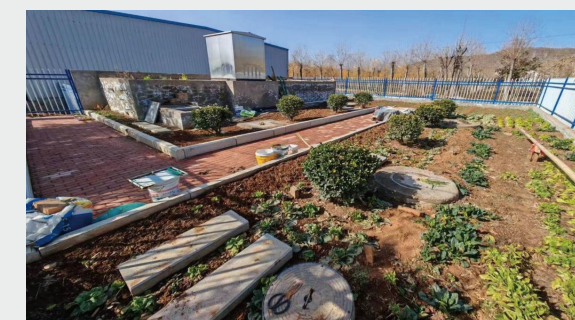
Small and Medium-Sized Sewage Treatment for Villages and Towns

Targeting small and medium-sized domestic wastewater treatment markets such as towns, schools, communities, hospitals, and tourist destinations, the Company, through independent development and introduction of advanced foreign technologies, has developed an integrated technology and equipment system consisting of three series: QSYB Improved Oxidation Ditch, QSY-DMB Dual-Membrane Bioreactor, and QSY-MABR Membrane Aeration Bio-reactor, aiming to lead the transformation of low-cost operation in small and medium-sized domestic wastewater treatment.

Part of New Integration Projects



Integration Project in Yuyang Village, Sili Town (Treatment capacity: 100 m³/d)



Integration Project in Gaozhuang Village, Sili Town (Treatment Capacity: 90 m³/d)



Integration Project in Zhang Village, Sili Town (Treatment Capacity: 150 m³/d)



Integration Project in Xiashenmiao Village, Sili Town (Treatment Capacity 50 m³/d)



Integration Project in Libazhuang Village, Chengliu Town (Treatment Capacity 50 m³/d)



Integration Project in Xichaizhuang Village, Sili Town (Treatment Capacity 50 m³/d)

Ecological Restoration

Adhering to the development philosophy of protecting the ecological environment, the Company utilizes business advantages to continuously promote ecological protection work, undertaking various ecological environmental projects such as river channel governance, wetland oxidation ponds, and landscape construction.

Case Study: Comprehensive Environmental Governance Project at Wujiang River Source in Baofeng County

This project was a comprehensive municipal governance project, including river engineering, bridge and culvert engineering, road engineering, and greening engineering. It improved the ecological quality near the river channel, and the living environment and local ecosystem.

River Channel Regulation



Before Regulation



After Regulation

Water Depth Treatment in Wetland Oxidation Pond



Before Rectification



After Rectification



Construction of Corridor Bridge



Before Construction



After Construction

Landscape Construction



Before Construction



After Construction



Enhancing Party Development to Strengthen the Foundations of Growth

Qingshuiyuan deeply implements the thought of socialism with Chinese characteristics in a new era, continuously improves the governance structure and system, enhances the level of corporate governance, and optimizes the construction of its own ESG management. The Company continuously strengthens and improves effective risk prevention and control systems, enhances clean and compliant operations, and provides strong guarantees for sustainable development.

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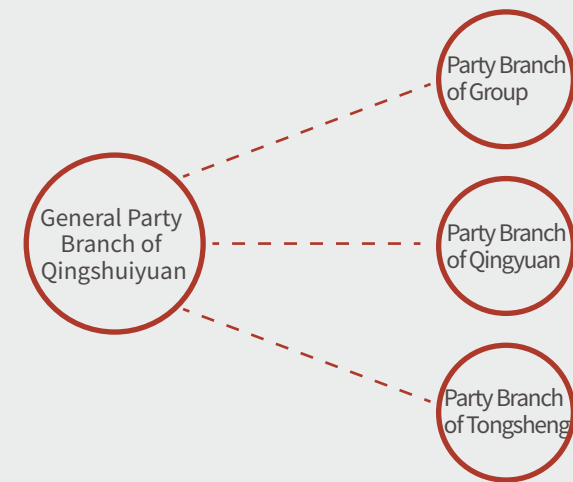


Strengthening Party Building to Consolidate Development Foundations

We must stay true to the party's original aspiration and keep forging ahead. The Company always integrates adhering to the Party's leadership and strengthening Party building into the entire process of corporate reform and development. The general Party branch of the Company earnestly implements the spirit of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the 20th CPC National Congress, accurately grasps the new development stage, implements the new development philosophy, and constructs a new development pattern, consistently guiding enterprise development with Party building and promoting high-quality enterprise development with high-quality Party building.

Strengthening Organizational Construction

The Company endeavors to strengthen primary-level party building, resolutely fortify the grassroots fortresses, and enhance the cohesion and combat effectiveness of Party branches. During the Reporting Period, the Company's party organization structure has been gradually improved and optimized, with adjustments made to establish new grassroots branches and strengthen the leadership teams. Currently, there are a total of 53 registered Party members, including 36 formal members and 17 probationary members. Additionally, there is 1 prospective member and 41 activists of the Party application.



Secretary of the General Party Branch:
Han Guangwu

Deputy Secretary:
Qi Wenhai, Zheng Juan

Member:
Han Guangwu, Qi Wenhai, Zheng Juan,
Du Xiaobing, Zhang Gaofeng, Li Zhijiang,
Ren Haiyang

Deepening Theoretical Learning

The General Party Branch of the Company attaches great importance to the ideological education of party members, and organizes thematic study seminars and lectures to promote theoretical learning continuously.

Carrying out Party Building Activities

The Company values the implementation of Party building culture and conducts a series of themed activities on Party days in diverse forms, increasing the appeal of theme education, tempering Party spirit, and strengthening the initiative and enthusiasm of Party members for learning.

Conducting Thematic Education and Publicity

On March 17, Zhang Jingjiang, a member of the Party Working Committee and a member of the Development and Reform Commission and Statistics Bureau in the Demonstration Zone, gave a thematic lecture on the guiding principles of the 20th CPC National Congress in the party member activity room of the Company. Middle-level leaders and all party members of the Company attended the training.



On September 14, the General Party Branch of the Company held a kick-off meeting for studying and implementing the themed education of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, to thoroughly study and implement General Secretary Xi's important instructions on the theme education.



Organizing Themed Party Day Activities

On June 29, to celebrate the 102nd anniversary of the founding of the Communist Party of China, the General Party Branch of the Company organized a series of activities themed "Praising the New Era, Following the Party", including arranging more than 20 Party members to visit and learn at the Yugongyishan Red Education Base.



On December 2, to inspire and guide the cadres and employees to appreciate the contemporary significance of the "three classics", and to draw spiritual strength and motivation, the Company held a speech contest themed "rereading red classics and embracing the spirit of the times". Over 100 people participated in the contest.



Planning Party Building Work

2024 marks the 75th anniversary of the founding of the People's Republic of China and a new starting year for Qingshuiyu-an to create a new business situation. The Company has formulated the key work plan for the Group's General Party Branch for 2024 based on realities, to further strengthen the advanced nature of the Party and the construction of grass-roots party organizations, fully leverage the role of the Company's General Party Branch and various party branches as fighting fortresses, and the exemplary role of party members and cadres.

Strengthening thematic education and enhancing the combat effectiveness of party organizations

Fully apply theoretical knowledge to practical work, continuously improve the work and service capabilities of cadres, further transform the work style, and strengthen the combat effectiveness of grassroots party organizations.

Strengthening organizational construction and consolidating grassroots fortresses

Strive to build grassroots party organizations that are "learning-oriented, innovative, and service-oriented", with a focus on emphasizing the service function of party organizations; truly ensure that wherever there are masses, there is party work; wherever there are party members, there are party organizations.

Strengthening the construction of the cadre team and improving the political and ideological quality of party members

Promote exchanges among outstanding cadres across units, departments, and fields, guide young cadres to move to the grassroots frontline, and have outstanding grassroots cadres undergo training in government agencies; continuously cultivate composite talents who lead by example, uphold integrity and self-discipline, and fulfill their duties conscientiously.

Strengthening the competition for excellence and creating a new situation of entrepreneurship

Strive to be a firm believer in the communist ideals, the faithful implementation of the scientific philosophy of development, the socialist philosophy of honor and shame consciously practicing, through more than the idea, more than the work, more than the contribution, so that the majority of party members to better reflect the five leading role, and to enhance the appeal of the grass-roots party organizations, influence and cohesion.

Enhancing connections with the masses and promoting the Company's operation and business to a new level

Deeply understand the ideological dynamics of grassroots employees, promptly discover employees who quietly contribute in grassroots positions, and do practical things for employees. Combine efforts with trade unions and the Communist Youth League to carry out paired assistance and assistance for those in need, effectively solve employees' worries, and promote the Company's business to a new level.

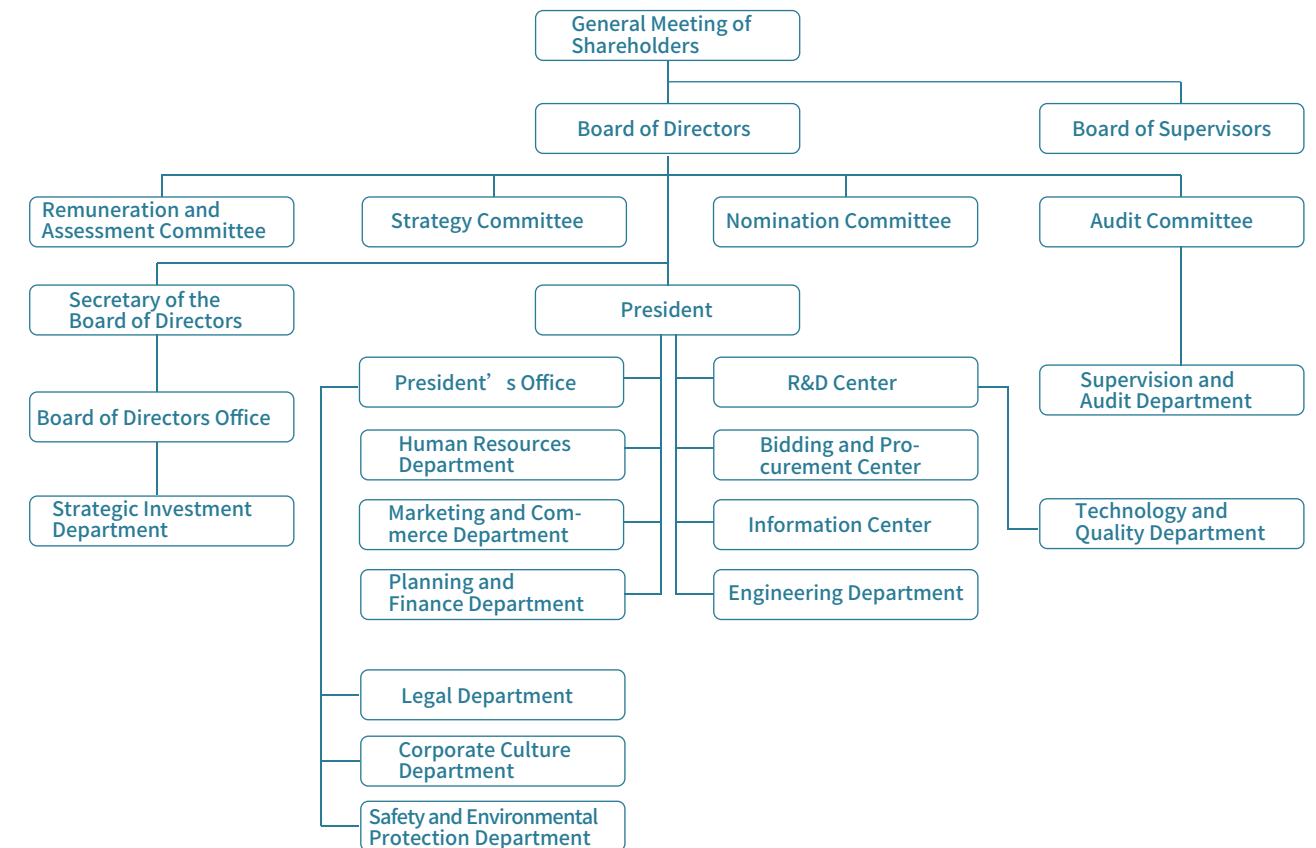
Strengthening mass organization work to effectively mobilize the workforce

Actively engage in mass work, fully leverage the functions of the trade union, and better serve the interests of the workers both ideologically and in action, ensuring the effective protection of workers' rights and interests. Enable the majority of workers to promptly grasp the Company's situation and tasks at both levels, thereby strengthening their confidence and dedication to the Company's development.

Governance through the General Meeting of Shareholders, Board of Directors, and Board of Supervisors

Good corporate governance is the cornerstone to realize sound operation. To establish a sound, scientific, and effective governance system, the Company strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Governance Code for Listed Companies*, and related laws and regulations, continuously improving and optimizing our management system and structure. During the Reporting Period, the Company revised governance systems such as the *Articles of Association* and the *Rules of Procedure for General Meetings of Shareholders*.

The Company has established a governance structure with the General Meetings of Shareholders as the highest authority and the Board of Directors and the Board of Supervisors as the core, and has strictly regulated the mode of "operating through the General Meeting of Shareholders, Board of Directors, and Board of Supervisors", to ensure that the Company's major decisions are lawful, compliant, truthful and effective.



Key Performance

During the Reporting Period, the Company held **3** General Meetings of Shareholders, **7** meetings of the Board of Directors and **7** meetings of the Board of Supervisors.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. The Company convenes and holds general meetings in strict accordance with the *Rules of Procedure for General Meetings of Shareholders* and relevant systems to ensure that all shareholders, especially small and medium-sized shareholders, enjoy equal status and fully exercise their rights. Directors, supervisors and senior management of the Company can attend the meetings and communicate with shareholders on important issues.

Board of Directors

The Board of Directors is the operational decision-making body of the Company. During the Reporting Period, the Company revised the *Rules of Procedure of the Board of Directors*, the *System of Work of Independent Directors*, the *Working Rules of the Secretary of the Board of Directors* and other relevant systems in accordance with the latest regulations to further standardize the deliberations and decision-making procedures of the Board of Directors of the Company. In the composition of the Board of Directors, the Company has given due consideration to the factors of diversity and independence, actively promoted the construction and improvement of the independent director system, and utilized the independence and professionalism of the independent directors to continuously enhance the rationality, standardization and scientificity of the decision-making of the Company.

In 2023, the Company had a total of 9 directors, including 3 independent directors and 3 female directors, both accounting for 33.33% of total directors.

The Board of Directors of the Company consists of four specialized committees: the Strategy Committee, the Nomination Committee, the Audit Committee and the Remuneration and Assessment Committee. These committees perform their duties in accordance with the *Articles of Association* and the authorization of the Board of Directors.

Key Performance

During the Reporting Period, the Strategy Committee convened 1 meeting, the Nomination Committee convened 2 meetings, the Audit Committee convened 7 meetings and the Remuneration and Assessment Committee convened 1 meeting.

Board of Supervisors

The Board of Supervisors of the Company performs its duties in accordance with the *Rules of Procedure for the Board of Supervisors* and relevant laws and regulations, and supervises the performance of the Board of Directors, senior management and its members as well as the Company's finances, internal control, risk control, information disclosure and other matters, in order to protect the legitimate rights and interests of the Company and our shareholders, employees and other stakeholders.

In 2023, the Company had a total of 5 supervisors, including 2 employee representatives.

Risk Control and Management

A sound risk prevention and control system is the fundamental guarantee for the Company's long-term stable operation. The Company continues to deepen compliance work in the course of daily operations, constantly improves our internal control system as well as risk management and control capabilities, reduce all potential corporate governance and operational risks, and safeguards our sound development.

Internal Control

To strengthen internal audit supervision, promote healthy and orderly economic activities within the Company, and improve operational management levels and economic efficiency, we have established the Supervision and Audit Department, and a more complete and effective internal control system.



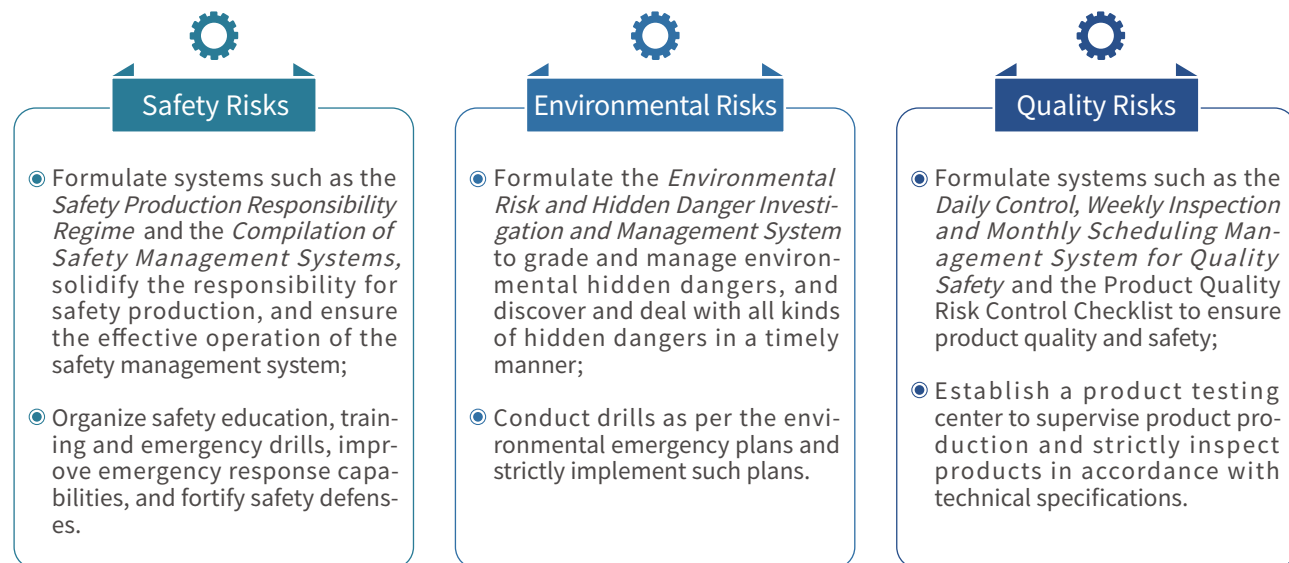
The Supervision and Audit Department conducts special audits on important departments, holds accountable those who violate regulations based on the systems, strengthens institutional defenses, and enhances corporate governance. During the Reporting Period, the Supervision and Audit Department formed an audit team to conduct on-site audits of the operations of Tongsheng Environment, Qingyuan Water Treatment, Shuiyunzong, Ande Technology, Siweida, and Qingshuiyuan Shanghai, and carried out a total of 6 internal audits in terms of internal control management, personnel management, contract management, procurement management, project management, financial management, etc.



The Supervision and Audit Department offers training on *Measures for the Management of Internal Control (for Trial Implementation)*

Risk Response

The Company integrates risk prevention and control deeply with operational management, implements risk management and internal control norms, strengthens the construction of risk prevention and control management systems, and continuously enhances our ability to identify and control risks. In light of the established development strategy and different stages of development and business expansion, the Company comprehensively, systematically, and continuously collects relevant information. We promptly identify, analyze, and evaluate risks in the areas of safety, environmental protection, and quality during production and operation processes based on our realities, and actively formulate countermeasures to ensure comprehensive control over significant risks affecting the operations of the Company.



Related Transactions

To safeguard the legitimate rights and interests of the Company, all shareholders, and creditors, and to ensure that related transactions between the Company and related parties comply with the principles of fairness, impartiality and transparency, the Company has revised the *Related Transaction Management System* in accordance with relevant laws and regulations and the *Articles of Association*, clarifying the pricing, review and information disclosure procedures for related transactions. The Company strictly enforces the mechanism of avoidance. During the deliberation of related transactions, affiliated directors and shareholders must avoid voting to ensure the fairness of the transactions.

Business Ethics

The Company prioritizes the construction of corporate business ethics, strictly complies with national laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, and formulates the *Regulations on Anti-Fraud and Reporting Mechanism* to provide guidelines for employees' business ethical behavior in daily work. We continuously strengthen the supervision of business ethics and anti-corruption, actively conduct publicity and training activities, resolutely eliminate unethical behaviors such as corruption, bribery and fraud, and strive to create a healthy and favorable business environment.

Construction with Integrity

The Company has established a Supervision and Audit Department as a standing anti-fraud institution responsible for organizing and implementing anti-fraud efforts, including establishing and implementing anti-fraud control mechanisms, conducting anti-fraud promotion campaigns, and handling and investigating anti-fraud complaints. This ensures the achievement of the Company's business objectives and its stable and healthy development, further protecting the legal rights and interests of the Company and its shareholders.

The Company places great emphasis on strengthening employees' awareness and understanding of anti-corruption, extensively conducting anti-corruption training and promotion campaigns for all employees to deepen their understanding of the importance of business ethics and to foster a culture of integrity.

Case Study: Integrity and Anti-Corruption-Themed Presentation

On February 21-22, Mr. Xu Wei, Deputy Head of the Internal Audit Expert Group of the Insurance Association of China, a member of the Standards Committee, and an anti-money laundering expert from the Zhengzhou Training Center of the People's Bank of China, was invited to deliver a special lecture on integrity and anti-corruption at the Company. More than 100 employees participated in the training.

Through this training, all employees correctly recognized the dangers and seriousness of fraud, learned about anti-fraud and anti-business bribery strategies in the era of big data, and were reminded to stay true to their original aspirations and forge ahead while genuinely understanding the strict demands and standards of anti-corruption efforts.



Reporting and Whistleblower Protection

The Company has set up reporting channels such as email to encourage employees to actively report any violations of discipline and various fraudulent or infringing actions. Simultaneously, the Company strictly adheres to the principles of confidentiality and protection of whistleblowers, preventing the disclosure and dissemination of whistleblowers' identities, whistleblowing materials, and other private information, and prohibits and punishes any retaliatory actions against whistleblowers.

Reporting Channels

✉ Reporting Email:
qsysjb@qywt.com.cn

☎ Hotline:
0391-6082008

📍 Reporting Address:
Group Supervision and Audit Department

Rights and Interests of Shareholders

Investor Relations Management

The Company highly values investor relations management, strictly adheres to laws and regulations such as the *Guidelines on Investor Relations Management of Listed Companies*, revises and implements the *Investor Relations Management System*, and actively strengthens communication with investors.

During the Reporting Period, the Company engaged with investors through performance briefings, investor surveys, investor hotlines, and irm.cninfo.com.cn, answering investor questions and fully protecting the rights of minority investors to information and participation. By extensively listening to market opinions and suggestions, the management combines the Company's operational circumstances to provide reference information for corporate decision-making, promoting the high-quality development of the Company.



Online Performance Briefings



Online Group Reception Days for Investors

Key Performance

During the Reporting Period, the Company held **2** performance briefings and hosted **2** investor surveys. It responded to **268** investor hotline calls and answered **91** queries on irm.cninfo.com.cn (a platform of Shenzhen Stock Exchange), with a response rate of **100.00%**.

Information Disclosure

The Company strictly adheres to laws and regulations such as the *Measures for the Administration of Information Disclosure by Listed Companies*, continuously perfects the *Information Disclosure Management System*, establishes a rigorous information disclosure approval process, and ensures the timely, accurate, and complete disclosure of information. This allows shareholders and a broad spectrum of investors to be well-informed about significant corporate events and operational status, thus protecting investors' legal rights and interests to the greatest extent.

Key Performance

During the Reporting Period, the Company disclosed **113** announcements.

Returns to Shareholders

The Company always adheres to creating more value for shareholders, continuously improving scientific, continuous, and stable dividend decision-making and supervision mechanisms. To promote the Company's stable and sustainable development and to give back to investors' trust and expectations, the Board of Directors has formulated the *Three-Year (2022-2024) Shareholder Return Plan of Henan Qingshuiyuan Technology Co., Ltd.*





Low-carbon Environmental Protection, Building a Greener Future Together

Protecting lucid waters and lush mountains, we serve the beautiful vision of China. Qingshuiyuan actively implements the philosophy that “lucid waters and lush mountains are invaluable assets” , steadfastly following the path of low-carbon and green operations, continuously deepening carbon emission reduction actions, and actively contributing to the protection of the ecological environment, thus supporting the national goals of “carbon peaking and carbon neutrality” .

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Environmental Management

To implement the basic national policy of environmental protection and effectively conduct environmental protection tasks, in accordance with the *Environmental Protection Law of the People's Republic of China* and other applicable laws, regulations, and rules, the Company has established systems such as the *Environmental Protection Management System* and the *Environmental Incident Management System*. It has set up a dedicated Environmental Management Department to standardize environmental management tasks and strengthen environmental protection controls. The Company has established and continuously improved its environmental management system, and by the end of the Reporting Period, Qingshuiyuan and five of our affiliated units have passed the ISO 14001 environmental management system certification.



ISO 14001 Environmental Management Certification Certificate

During the Reporting Period, the Company invested RMB **1.16 million** in environmental protection, primarily for the improvement, transformation, and maintenance of environmental protection facilities and equipment, the assessment and rectification of major environmental risks and hidden dangers, environmental education training, and emergency rescue drills. These efforts ensure the normal operation of environmental protection facilities, pollution prevention, and the enhancement and improvement of environmental quality. In 2023, the Company did not experience any significant environmental incidents and received no environmental-related administrative penalties.

Environmental Management Responsibility

The Company's environmental management structure is based on the *Responsibility System for Environmental Protection*, with the Safety and Environmental Protection Department responsible for the daily management of the Company's environmental protection efforts. The main leaders of the Company, departments, and workshops are the primary responsible parties for environmental protection work at their respective levels. All levels of management implement the principles of "whoever is in charge should be responsible" and "production oversees must oversee environmental protection" to carry out environmental management tasks. To further strengthen environmental supervision and management, regulate employees' environmental protection behaviors, and prevent pollution incidents, the Company incorporates environmental protection into assessments to implement environmental responsibilities.

Environmental Requirements and Goals

To become an environmentally friendly enterprise and prevent all types of environmental accidents, the Company has established detailed environmental protection requirements from the perspectives of facility and equipment storage and environmental protection project construction to achieve corresponding environmental goals.

Environmental Requirements

- Labor protection products and facilities that meet national or industry standards should be procured; such products and facilities should be accompanied by relevant certifications and instructions for use, and should be used, installed, commissioned, and operated strictly according to the instructions for use;
- Construction, reconstruction, and expansion projects should ensure that environmental protection facilities are designed, constructed, and put into operation simultaneously with the main project;
- Before beginning construction, reconstruction, or expansion projects, an environmental impact assessment should be conducted first; building and construction should not proceed if environmental conditions do not meet the required standards;
- Within 3 months of the trial operation of construction, reconstruction, and expansion projects, a current environmental impact assessment should be conducted and submitted to the competent authorities for approval; if not approved, the continuation of production is prohibited;
- Clean production practices should be implemented as required.

Environmental goals

- There are no minor or major environmental emergencies;
- The environmental management system operates effectively, undergoes continual improvement, and has no serious or repetitive nonconformities;
- Significant environmental factors are effectively controlled, with an environmental hazard remediation rate of 100.00%;
- The disposal of solid and hazardous waste complies with national requirements;
- The implementation rate for environmental monitoring plans reaches 100.00%;
- The rate of environmental protection education and training for on-duty employees reaches 100.00%;
- The qualification rate for exhaust gas emissions reaches 100.00%;
- The qualification rate for the discharge of production wastewater, initial rainwater, and accident water reaches 100.00%.

Green production

The Company strictly adheres to green production standards and requirements and implements clean production practices. By continually improving designs, using clean energy and raw materials, employing advanced technologies and equipment, enhancing management, and utilizing resources comprehensively, it reduces pollution at the source. This increases resource efficiency and minimizes or prevents the generation and emission of pollutants during production and product usage, thus mitigating or eliminating risks to public health and the environment.

Green Processes: Developing Processes for Green Chelating Agent Products

The company has developed a green, biodegradable chelating agent that, through performance studies, demonstrates excellent calcium-binding properties. It remains stable across a wide pH range and effectively chelates heavy metal ions. Due to its low biotoxicity and high degradability, it has minimal environmental impact.

Management of Environmental Risks

The Company places high importance on environmental risk management. Following requirements from documents such as the *State Emergency Response Plans for Environmental Emergencies* and the *Measures for the Administration of the Filing of Emergency Response Plans for Environmental Emergencies in Enterprises and Public Institutions (for Trial Implementation)*, it has established a comprehensive emergency response mechanism for environmental emergencies covering aspects such as environmental risk analysis, environmental hidden danger elimination, clear emergency response responsibilities, and emergency response measures.

Self-Monitoring for Environmental Protection

All of the Company's plants have environmental self-monitoring plans in place, as required by their *Pollution Discharge Permits*. These plans use a combination of manual and automated modes to monitor exhaust gas, wastewater, noise, soil, and groundwater. Regular manual monitoring and real-time automated monitoring are conducted to ensure thorough data collection and documentation. This information is reported to the national pollution source monitoring data management and sharing system. Effective control over operational conditions is maintained by analyzing the monitoring process, and the online monitoring system of the general drainage outlet is closely monitored to promptly address any anomalies detected.

Manual Monitoring



Monitoring of the Exhaust Outlet of the HEDP Unit



Monitoring of the Hazardous Waste Discharge Outlet

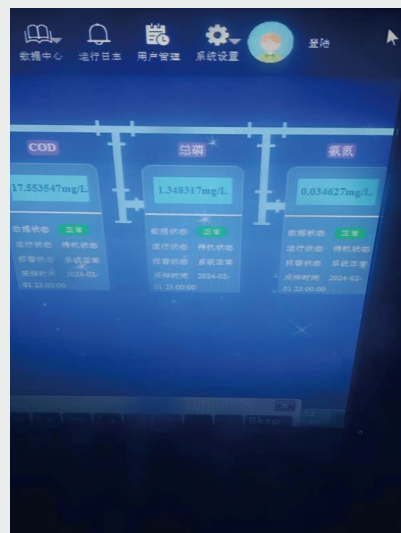


Monitoring of the Exhaust Outlet of the Hydrochloric Acid Unit



Monitoring of the Exhaust Outlet of the Raw Material Tank Area

Automated Monitoring



Wastewater Online Monitoring System

Investigation of Environmental Hidden Dangers

To ensure the effective control of environmental hazards during operational activities and prevent environmental pollution incidents, the Company has developed and strictly implements the *Environmental Risk and Hidden Danger Investigation and Management System*. It classifies and actively investigates environmental hidden dangers, promptly identifying and addressing various issues. The Company has also formulated the *Responsibility System for the Investigation and Management of Environmental Hidden Dangers* to clarify duties within the environmental hidden danger investigation process, ensuring the effective execution of various tasks.

Tiered management



Significant environmental risks and hidden dangers

Hidden dangers that pose a substantial environmental risk and are complex in nature, requiring the cessation of operations and a certain period for remediation before they can be eliminated.

Response strategies: Reporting the issues; developing remediation protocols; managing and evaluating the issues; and reporting after the remediation.



General environmental risks and hidden dangers

Hidden dangers that pose a lesser environmental risk, or those that can be immediately remediated upon discovery.

Response strategies: Organizing remediation and rectification immediately.

During the Reporting Period, the Company actively employed measures to investigate environmental hidden dangers, checking whether on-site production equipment and facilities complied with environmental standards and if leak alarms were effective. We also identified issues such as breakage, percolation, seepage, and leakage caused by equipment aging. All hidden dangers were promptly identified and rectified, ensuring that environmental protection equipment, pollution control devices, and protective facilities remained in optimal condition.

- Number of cases of environmental hidden dangers rectified **12** times
- Rectification Rate of Environmental Hidden Dangers **100.00%**



Case Study: Rectification of Environmental Hidden Dangers

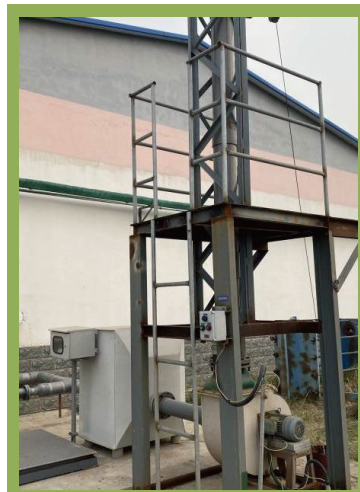
Issues:

The exhaust outlets of the temporary storage rooms of hazardous wastes were not equipped with sampling ladders and platforms as per the *Technical Requirements for the Standardization and Rectification of Discharge Outlets*.



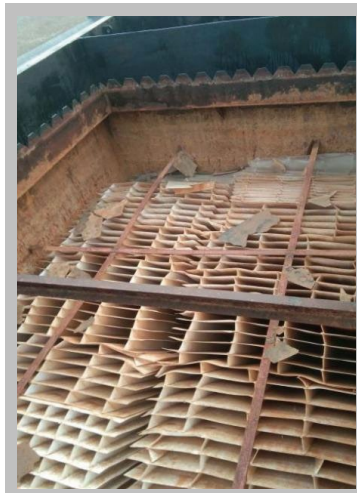
Corrective Actions:

Sampling ladders and platforms have been installed as per the *Technical Requirements for the Standardization and Rectification of Discharge Outlets*.



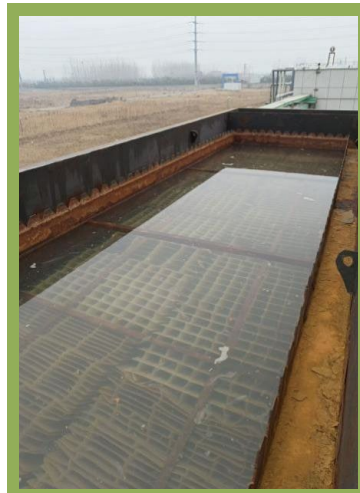
Issues:

During an on-site inspection, the sewage treatment station was found intermittently out of operation; the inclined plate in the integrated sedimentation tank was damaged and had not been promptly repaired.



Corrective Actions:

As of February 27, 2023, the damaged inclined plate of the sewage treatment station has been repaired and resumed normal operation on February 28, 2023.



Issues:

There was dripping observed at the liquid alkali unloading port of the sewage treatment station; debris containers were also found in the rainwater collection pool.



Corrective Actions:

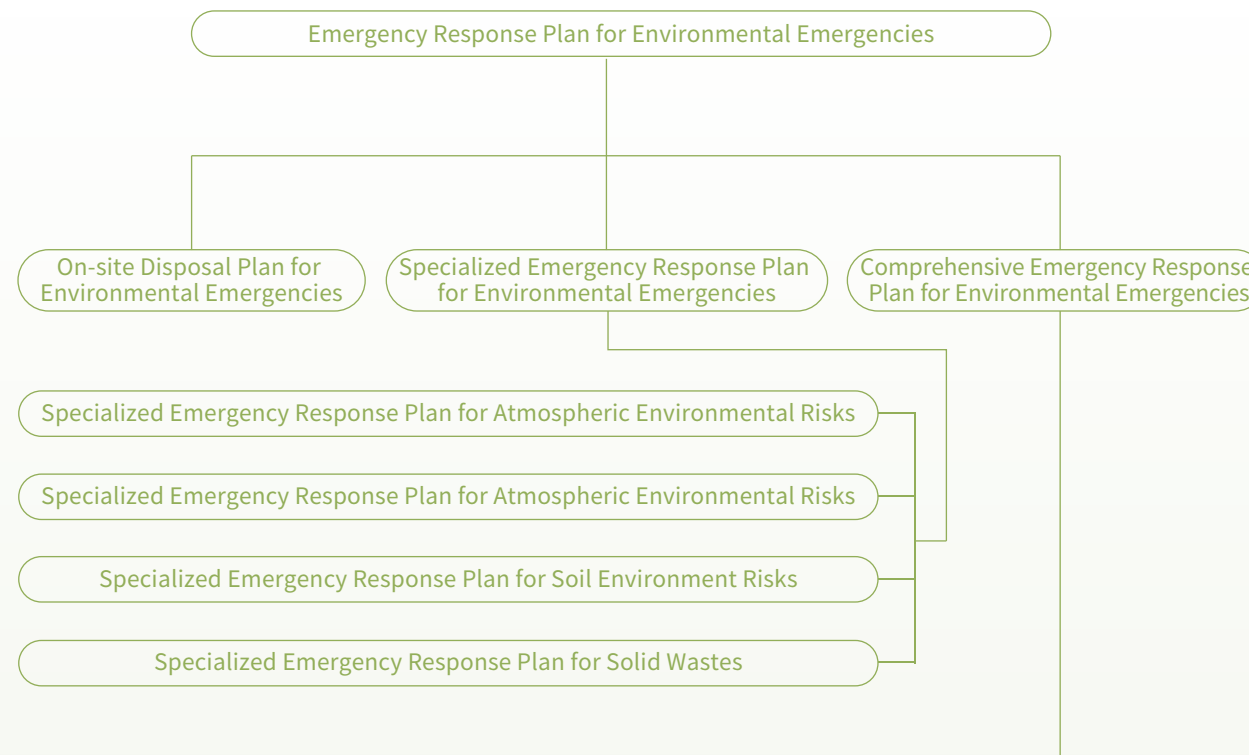
The liquid alkali unloading port at the sewage treatment station was replaced with stainless steel and equipped with blanking plates and caps, with the rectification completed on February 26, 2023.



Emergency Management of Environmental Emergencies

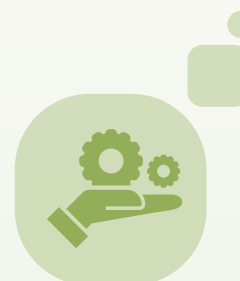
Qingshuiyuan proactively identifies the sources of environmental risks, analyzes the scenarios of environmental emergencies, evaluates our emergency response capabilities, and clarifies responsibilities for emergency response. We have developed an emergency response plan system for environmental emergencies that includes comprehensive emergency response plans, special emergency response plans, and on-site emergency response plans. Based on the degree of pollution and harm caused by environmental emergencies to the environment and populations, we categorize emergency responses for environmental emergencies into three levels: Level 1 (societal level), Level 2 (corporate level), and Level 3 (workshop level). Corresponding emergency response procedures are formulated to carry out emergency responses orderly and efficiently.

Emergency Response Plan System Diagram



The following emergency response cards have been established for major accidents:

- ① Emergency Response Card for Liquid Chlorine Leakage Accident
- ② Emergency Response Card for Phosphorus Trichloride Leakage Accident
- ③ Emergency Response Card for Formaldehyde Leakage Accident
- ④ Emergency Response Card for Methanol Leakage Accident
- ⑤ Emergency Response Card for Chloromethane Leakage Accident
- ⑥ Emergency Response Card for Acetic Acid Leakage Accident
- ⑦ Emergency Response Card for Hazardous Waste Room Administrator
- ⑧ Emergency Response Card for Wastewater Treatment Positions



During the Reporting Period, we organized employees in key positions to study and master the content of the emergency response plans thoroughly and conducted emergency response plan drills to enhance employees' awareness of safety and environmental protection, improve their capacities in handling emergencies, and verify the applicability and feasibility of our emergency response plans, thus continuously optimizing and improving them.

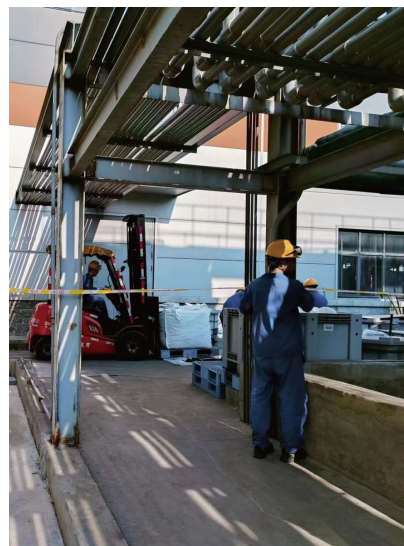
Case Study: Emergency Drill for Collecting Scattered Hazardous and Waste Activated Carbon

On July 27, 2023, Jiyuan Qingyuan Water Treatment Co., Ltd. conducted an emergency drill focused on collecting scattered hazardous and waste activated carbon. The drill accurately simulated the emergency response procedures needed after hazardous and waste activated carbon was scattered during transfer, enhancing employees' familiarity with emergency response procedures for environmental emergencies. This exercise also strengthened environmental awareness and improved coordination skills among the employees involved.

1.Scattered Waste Activated Carbon



2.On-site Security



3. Material Collection



4.Drill Briefing



Resource Management

Energy Management

Qingshuiyuan strictly adheres to applicable laws, regulations, and standards, such as the *Energy Conservation Law of the People's Republic of China*, to advance our energy management efforts. We actively respond to calls for energy conservation and consumption reduction, striving to improve our energy utilization efficiency and committing to building a resource-conserving and environmentally friendly enterprise. Electric power is the main source of energy used in our production processes.

Energy type	Unit	Data in 2023
Electric power	kWh	19,602,142.60

Note: Data compilation for 2023 encompasses Siweida, Ande Technology, and Qingyuan Water Treatment.

During the Reporting Period, in response to national policies and government calls, we achieved energy conservation and consumption reduction by eliminating high-energy-consuming equipment, retrofitting environmental protection equipment, and enhancing the use of clean energy.

Case Study: Use of Electric Forklifts

We are actively implementing the “fuel-to-electricity” policy for forklifts, transitioning from traditional internal combustion forklifts to new energy electric forklifts. This shift significantly reduces exhaust emissions and energy consumption in our on-site transportation process, effectively reducing cost and improving efficiency.

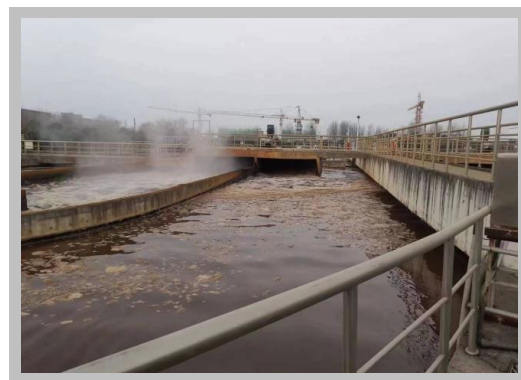


Electric Forklifts for Company Use

Case Study: Process Optimization for Effective Consumption Reduction

In 2023, Qingshuiyuan transitioned from subsurface to surface aeration processes in the Luohe Songjiang and Puyang Hubuzhai projects, with the updated systems officially commencing operation at the end of July. After the project launch, the Luohe Songjiang surface aeration system has operated steadily, achieving significant reductions in electricity, carbon source, and chemical usage in the second half of the year compared to the first.

	Water quantity	Electricity consumption	Electricity costs	Sludge removal volume	Carbon source usage	Phosphorus removal agent usage	Chemical usage
January-June	434	188	141	2,195	493	260	86
July-December	587	165	118	2,207	397	320	77
Trend comparison	Increase	Decrease	Decrease	Increase	Decrease	Increase	Decrease



Before the Technological Upgrading



After the Technological Upgrading

Water resource management

We strictly adhere to the *Water Law of the People's Republic of China* and other applicable laws and regulations to promote the recycling and conservative use of water resources. We foster awareness to cherish the source of life and reduce water waste. In our daily operations, we actively advance water resource management, continuously enhancing water resource utilization efficiency.

Water type	Unit	Data for 2023
Water for office use	ton	10,205.54
Water for production use	ton	2,321.14

Note: Data compilation for water for production use encompasses Siweida and Ande Technology; and data compilation for water for office use encompasses Siweida, Ande Technology, and Tongsheng Environmental.

Case Study: Reclaimed Water Reuse Project

We take active measures to enhance the efficiency of reclaimed water use. During the Reporting Period, we resolved legacy issues and, after several rounds of communication, initiated the water supply for the Jinkai Reclaimed Water Reuse Project. Currently, our daily water treatment capacity stabilizes at 3,000 tons.



During Construction



After Construction

Comprehensive Resource Utilization Management

We follow laws and regulations related to comprehensive resource utilization and have established the *Provisions on the Administration of Comprehensive Resource Utilization* to clarify the classification and handling of idle resources, thus achieving comprehensive resource utilization. Our idle materials mainly consist of those leftover from maintenance, technological upgrades, or replacements, including recycled paper, bottles, cans, and plastic packaging bags.

- All our units should manage generated recyclable resources at the source by categories and place recyclable municipal waste in designated areas for comprehensive utilization and recovery.
- Production waste should be managed and treated at the source according to classification standards.

Compliant Discharge

We fully implement management specifications for waste gas, wastewater, and residues, prepare and continuously improve the *Wastewater, Waste Gas, and Residue Management System*, and implement a series of pollution prevention and control measures to reduce and eliminate pollution incidents, ensure the compliant discharges of wastewater, waste gases, and residues, and effectively minimize environmental impacts.

During the Reporting Period, in compliance with regulatory requirements, environmental assessments, and discharge permits, we routinely formulated monitoring plans for wastewater, waste gas, and noise. These evaluations were performed by third-party institutions, and all test results met the discharge standards.

Waste water

We strictly strengthen the management of production wastewater, strictly prohibiting unauthorized disposal actions such as sewage and wastewater (residual liquid) spillage, overflow, or unauthorized discharge. Wastewater is treated at wastewater treatment plants to meet discharge standards;

Waste acid, waste alkali, residual liquid, or organic solvents are segregated and recycled in production, or processed and sold to qualified entities for utilization and treatment.

Waste gases

We recycle tail gases generated in processes and excess chemical media that do not participate in chemical reactions, or purify and treat them in facilities to ensure emissions meet standards. Unauthorized shutdown of these treatment facilities is prohibited.

Solid waste

We strictly categorize solid waste in accordance with the *Directory of National Hazardous Wastes* (2021 Edition);

Temporary storage sites for solid waste are equipped to prevent leakage and sealed to prevent the volatilization of chemical odors, and integrated with wastewater and waste gas recycling facilities;

Solid waste should be promptly collected and disposed of;

Our safe disposal rates for industrial solid waste and hazardous waste have both reached 100%.

Noise

We monitor the noise at boundary and strictly manage it according to the *GB 12348-2008 Emission Standard for Industrial Enterprise Noise at Boundary*.

Case Study: Puyang Hubuzhai Renovation Project

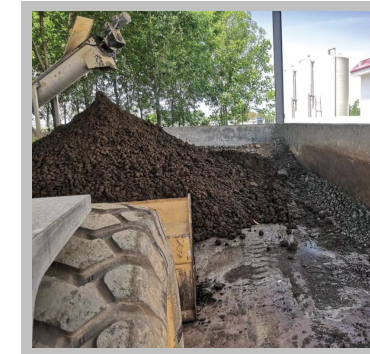
We added advanced processes, such as ozone treatment and iron-carbon Fenton treatment, for the Puyang Hubuzhai Upgrading and Renovation Project to address the issue of non-degradable wastewater in the industrial park. The construction is nearing completion, and we are finalizing the filing procedures for relevant hazardous chemicals.



Renovation Site

Case Study: Prohibition of sludge spillage and reconstruction of sludge silos

In response to environmental protection requirements, we have revised the sludge placement mode for Luohe Songjiang, Yichuanping, and Baiyuan pollution transformation projects from ground stacking to silo collection, enhancing the regulation of sludge disposal across various projects.



Before the Technological Upgrading



After the Technological Upgrading

Management of Hazardous Waste

We prioritize the emission and management of hazardous waste, strictly adhering to the policy of “laying stress on prevention and combining prevention and treatment”. In planning our production construction, we also consider hazardous waste emissions, implement hazardous waste control measures, and strive to harmonize economic, social, and environmental benefits.

For hazardous waste management, we have established a comprehensive hazardous waste management system, clearly defined responsibilities for hazardous waste control, planned hazardous waste emissions, and assigned personnel to maintain registration ledgers. Additionally, we pay close attention to the health and safety of personnel involved in hazardous waste, regularly train them, and strictly provide protective gear as required.

Measures to Reduce the Quantity and Harmfulness of Hazardous Waste

- Strengthen the collection and storage management of hazardous waste, standardize the management of waste activated carbon, waste engine oil, sludge, and phosphorus slag to prevent burning and outflow;
- Conduct training for employees on hazardous waste knowledge to enhance their awareness of safe management and disposal practices.
- Strengthen the operation management of production units to ensure stable production and reduce hazardous waste generation;
- Store hazardous waste generated by category and promptly send it to qualified units for disposal;
- Enhance the impermeability, leak prevention, fire prevention, and security of hazardous waste storage sites;
- Continuously improve processes to reduce the use of activated carbon.

Actions against Climate Change

Climate change poses a severe global challenge, leading to water source scarcity, rising temperatures, and ecosystem degradation. In response to the risks posed by climate change, we actively support the “carbon peaking and carbon neutrality” goals, continually strengthen our environmental management, and promote low-carbon operations. We also respond actively to the Sustainable Development Goals (SDGs) of the United Nations and continuously focus on our core environmental businesses to reduce pollution, improve water quality, and support ecological and environmental protection. We will continue to identify the risks and opportunities that climate change presents to our Company and actively implement measures to mitigate various climate-related risks.

Promotion of Environmental Awareness

We are committed to pioneering energy-saving and environmental protection, integrating green and environmental protection practices into our production and office operations. During the Reporting Period, we conducted a variety of activities to build a green culture centered on environmental protection. By offering regular environmental training and assessments, we continually boost our employees' awareness of environmental protection, guide and engage them actively in environmental conservation efforts, and collectively uphold our environmental protection responsibilities.

Case Study: Planting Trees Together, Building a Sustainable Jiyuan

On the morning of March 6, our General Party Branch Secretary and grassroots Party members visited the Internet+ Voluntary Tree Planting Base in Sanhezhai, Sili Town, to plant trees voluntarily. This initiative aims to enhance all employees' awareness of environmental care, green planting, and green protection. By practicing our green development philosophy through practical actions, we are committed to a path of ecological priority and green development.



Environmental Training

We have established an *Environmental Training and Education System* that requires new employees to undergo safety and environmental protection training and pass assessments before starting their jobs. Additionally, we recognize and reward units and employees who diligently conduct environmental education and make achievements in preventing environmental accidents and reducing occupational hazards. We encourage the conduct of environmental protection education and promotional activities to actively advance the sustainable development of our Company.

Key Performance

During the Reporting Period, we conducted **18** environmental training sessions, covering **516** participants and totaling **36** hours of training.



Promotion and Training of Environmental Protection

Green office

We promote a green office by encouraging employees to start with small actions: cherishing every kilowatt-hour of electricity, every drop of water, every piece of paper, and every office supply. We also advocate for a philosophy of “Green Life and Green Office” . In our office practices, we focus on cultivating employees' awareness of environmental protection to minimize the impact of office activities on the environment.

Standardization of Electricity Management:

- Ensure lights are turned off when leaving the room, eliminating the occurrence of lights left on continuously.
- Avoid the long-term standby mode of office equipment.
- Control air conditioning temperatures and turn off the power when not in use.

Introduction of a Paperless Office:

- Promote the OA system and advocate for online meetings.





Commitment to Integrity and Innovation, Crafting Superior Quality

Qingshuiyuan always prioritizes quality, using self-driven innovation as the primary force behind our operations. We focus on strengthening our innovative research and development efforts, continuously enhancing the quality of our products and services, and paying attention to the construction of a responsible supply chain, collectively building a new pattern for the high-quality ecological and environmental protection industry.

Scientific and Technological Innovation	59
Product Quality	65
Customer Service	67
Supplier Management	70



Scientific and Technological Innovation

To implement the innovation-driven development strategy and empower high-quality corporate growth, we continuously strengthen the construction of our innovation system. Through a scientifically reasonable innovation and R&D system, we ignite the creative passion of our R&D personnel and consistently increase our investment in science and technology R&D and technological innovation, striving to advance our technological level and innovation capabilities.

Key Performance

In 2023, our investment in R&D was RMB **12.65 million.**

R&D System Construction

Qingshuiyuan places significant emphasis on product innovation and development. Centering on our strategic development, we have established multiple management and incentive systems to standardize R&D project management, strengthen R&D risk control, and encourage and enhance our capacity for independent innovation.

R&D-related Management Mechanisms

R&D Project Management System	R&D Activity Evaluation System
R&D and Development Management System	Research Achievement Protection System
Technological Upgrading Project Management System	Industry-University-Research Cooperation Management System
Measures for the Organization, Implementation, Incentives, and Rewards of the Transformation of Scientific and Technological Achievements	Performance Appraisal System for R&D Personnel

In the management of R&D projects, Qingshuiyuan implements strict R&D processes and quality control systems. Each project is assigned a Project Leader who is fully responsible for the organization and implementation of the R&D project, ensuring that the quality and progress of each R&D project are effectively controlled and managed. After project acceptance, the Project Leader should transfer the project documentation to the archives for unified management.

Project Process Management



Innovation Platform

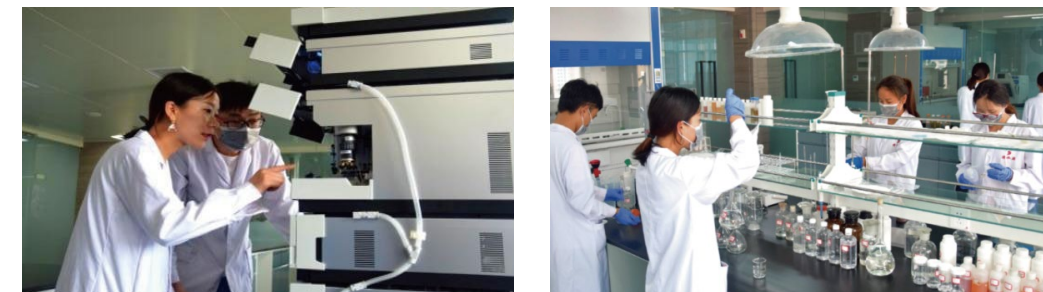
Qingshuiyuan actively establishes platforms for innovation and cooperation, collaborating with top domestic research institutes such as the Research Center for Eco-environmental Sciences, Chinese Academy of Sciences, the Chinese Research Academy of Environmental Sciences, and prestigious universities including Dalian University of Technology and Tongji University. Our R&D team, which includes postdoctoral fellows, Ph.D. holders, and expert professors, jointly conducts cutting-edge technology research and product development.



R&D Center

- Engineering Technology Research Center for Water Treatment Chemicals in Henan Province
- International Joint Laboratory for Smart Water Treatment Systems in Henan Province
- Qingshuiyuan - Research Center for Eco-Environmental Sciences, Chinese Academy of Sciences
- Engineering Technology R&D Center for Soil Pollution Control and Ecological Restoration
- Qingshuiyuan - Zhengzhou University Ecological Environment Research Institute
- The Eighth Batch of Postdoctoral Innovation and Practice Bases in Henan Province

Qingshuiyuan operates several provincially recognized R&D centers equipped for synthesizing agents and analyzing physicochemical indicators in various water samples, with advanced analytical instruments like GC, HPLC, IC, ICP, AAS, NIR, and FT-IR. From macro physicochemical indicators of inorganic and organic pollutants to micro-level analysis of molecules, ions, and elements, we possess comprehensive research and analytical capabilities, providing strong support for our technological innovations and the development of an industrial water system database.



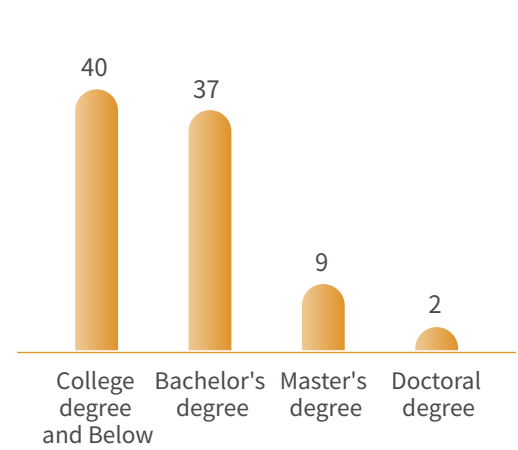
Postdoctoral Innovation and Practice Base in Henan Province



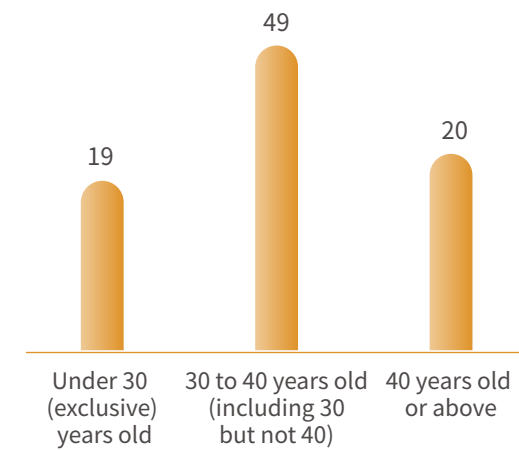
R&D Team

We continuously strengthen our R&D team and have implemented systems such as the *Talent Introduction Management* to robustly support our goal of becoming an innovative high-tech enterprise. By the end of the Reporting Period, our R&D team comprised **88** members, accounting for **10.07%** of the total Company workforce, with **28** core technical personnel.

Number of Members in the R&D Team (by Academic Qualification)



Number of Members in the R&D Team (by Age)



Industry-university-research cooperation

Qingshuiyuan deeply engages in industry-university-research cooperation, advancing the transformation of technological achievements. We have collaborated with institutions like the Chinese Academy of Sciences, Tsinghua University, Tongji University, and Zhengzhou University to enhance our innovation capabilities and further strengthen our core competitiveness.

Our project teams have sustained significant collaborations with Dr. Xiao Caibin from the USA, engaging in deep technical exchanges on intelligent control systems for water treatment. These efforts have yielded multiple research outputs, establishing a robust foundation for an internationally recognized research base that serves as a model for systematic study.

In 2023, our International Joint Laboratory for Smart Water Treatment Systems engaged in development projects with several chemical engineering experts and professors including Professors Song Rongbin and Zhang Wei, along with Dean Han Li of the School of Ecology and Environment at Zhengzhou University. These collaborations focused on addressing complex technological issues within companies and analyzing industry development trends, resulting in **3** international cooperative projects and the filing of **1** patent application.

R&D and Innovation Initiatives

To enhance the enthusiasm for R&D and innovation among our R&D staff and create a conducive R&D environment, Qing-shuiyuan offers both material and moral support for innovative R&D activities and actively engages in industry-university-research cooperation.

Incentives for Innovation

Qingshuiyuan has intensified our innovation incentives, applying a dual approach of motivational and material rewards for projects related to scientific research, development, and technological progress. The form of these rewards is determined by the economic or social benefits each project brings to our Company, thereby continuously fostering a spirit of innovation.

Project Type	Reward Mode
<ul style="list-style-type: none"> For projects related to scientific research, development, technological progress, and reasonable proposals that generate calculable economic benefits 	<ul style="list-style-type: none"> Rewards are granted based on the net annual benefit gains.
<ul style="list-style-type: none"> For projects where economic benefits are difficult to calculate 	<ul style="list-style-type: none"> Rewards are determined based on the importance of the problem solved, the scope of application, the level of technological advancement, and scoring methods tailored by each department according to the actual situation.
<ul style="list-style-type: none"> For projects that incorporate, adapt, or extend the application of domestic and international research achievements, advanced technologies, and advanced experiences, achieving tangible economic and social benefits 	<ul style="list-style-type: none"> After discussions in the General Manager's office meeting, rewards are allocated proportionally based on the economic benefits generated by these projects.

Innovations

Qingshuiyuan continues to focus on technology innovation and development, vigorously advancing key scientific research projects and critical technological breakthroughs to speed up the transformation of scientific achievements. In 2023, we gained **3** new national high-tech enterprise certifications; Shuiyunzong was recognized as a Service-Oriented Manufacturing Demonstration Enterprise in Henan Province.



Qingshuiyuan (Shanghai) Environmental Technology Co., Ltd.
High-Tech Enterprise Certificate



Henan Shuiyunzong Intelligent Control Technology Co., Ltd.
High-Tech Enterprise Certificate



Shaanxi Ande Technological Industry Co., Ltd.
High-Tech Enterprise Certificate

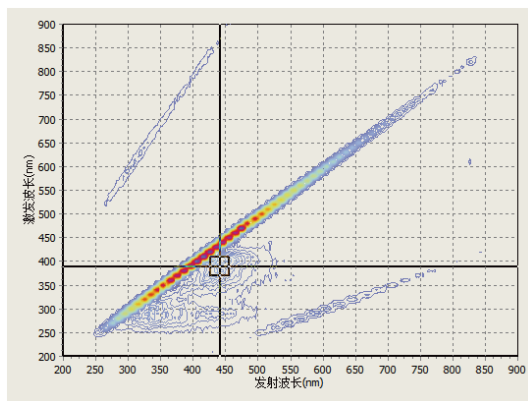
Product Development

We continuously research new processes and develop new products, enhancing our scientific research innovation capacity and product competitiveness. During the Reporting Period, we developed production processes for 13 new products across six categories: green chelating agents, high molecular weight sodium polyacrylate for textiles and leather, solid polymers, fluorescent polymers, low chroma hydrolyzed maleic anhydride, and low molecular weight phosphorus-containing polymers. In terms of product improvement, we optimized the manufacturing processes for low-cost hydrolyzed maleic anhydride, low-calcium cyclic epoxy succinate, and high-solid-content phosphorus-free polyacrylic acid, based on customer requirements.



Outcomes: Fluorescent Polymer Products and Process Development

We have developed a series of fluorescent polymers and their production processes for online monitoring of water treatment chemical concentrations. Fluorescence performance tests showed a good linear relationship between our products' fluorescence intensity and concentration.



Outcomes: Low-chroma HPMA Process Development

We have developed low-chroma products with performance comparable to the original HPMA, but with significantly reduced chroma (not exceeding a standard color index of 9.0).



Standard Development

As a Deputy Director of the CIESC Industrial Water Treatment Specialized Committee and a member entity of the National Chemical Standardization Technical Committee Water Treatment Chemical Sub-Technical Committee, Qingshuiyuan actively participates in the compilation of national and industry technical standards, further expanding our technological influence in segments. To date, we have participated in the development of 28 national standards and 46 industry standards. During the Reporting Period, we issued 1 national standard and 2 industry standards; we also participated in the development of 1 national standard and 1 industry standard.

List of Standards Issued in 2023

Type of Standard	Standard Name	Standard Number
National Standard	<i>Analysis of Water Treatment Chemicals - Part 1: Determination of Phosphorus</i>	GBT 43098.1-2023
Industrial Standard	<i>Water Treatment Chemicals - Amino Trimethylene Phosphonic Acid</i>	HGT 2841-2023
Industrial Standard	<i>Water Treatment Chemicals - Diethylenetriamine Penamethylene Phosphonic Acid</i>	HGT 3777-2023

List of Standards Developed in 2023

Type of Standard	Standard Name
National Standard	<i>Determination of Dispersing Performance for Water Treatment Chemicals - Part 1: Dispersing Kaolin Method</i>
Industrial Standard	<i>Water Treatment Chemicals - Gray Water Dispersant by Coal Gasification</i>



2023 Annual Meeting and Standard Review Meeting of National Chemical Standardization Technical Committee Water Treatment Chemical Sub-Technical Committee

Intellectual Property Management

Qingshuiyuan values the protection of intellectual property rights, respects others' patents, trademarks, and related rights and interests, and strictly prohibits infringement, actively fostering a fair and just market environment. We strictly adhere to laws and regulations such as the *Intellectual Property Law of the People's Republic of China*, have established an *Intellectual Property Management System*, set up an intellectual property management institution, and require members of scientific research project teams to sign contracts with clear provisions on intellectual property rights. This promotes our technological innovation and the development of our own intellectual property, pushing us to strengthen the management, protection, and utilization of intellectual property rights.

Key Performance

During the Reporting Period, we applied for **9** patents, including **8** invention patents and **1** utility model patent; we have cumulatively obtained **140** granted patents, including **24** invention patents, **113** granted utility model patents, **3** granted design patents, and **3** software copyrights.

Product Quality

Product quality is a fundamental necessity for an enterprise's survival and development. Qingshuiyuan continues to rely on the research and development of water treatment chemicals and supports this with water treatment projects. We adhere to high-tech cultivation, light-asset operation, and high-quality development, focusing on customer needs to enhance product quality and service levels, aiming to become an industry benchmark.

Quality Management System

We strictly comply with the *Law of the People's Republic of China on Product Quality* and have established systems such as the *Raw Material Incoming Inspection Management System*, *Process Management System*, *Product Inspection Management System*, and *Nonconforming Product Disposal Management System*, integrating quality management throughout the entire process of product R&D, raw material procurement, and production.

By the end of the Reporting Period, Qingshuiyuan and five of our affiliated units had achieved ISO 9001 Quality Management System Certification. Additionally, our principal water treatment chemicals have received NSF certification and are registered under the European Union's REACH regulation.



ISO 9001 Quality Management System Certification

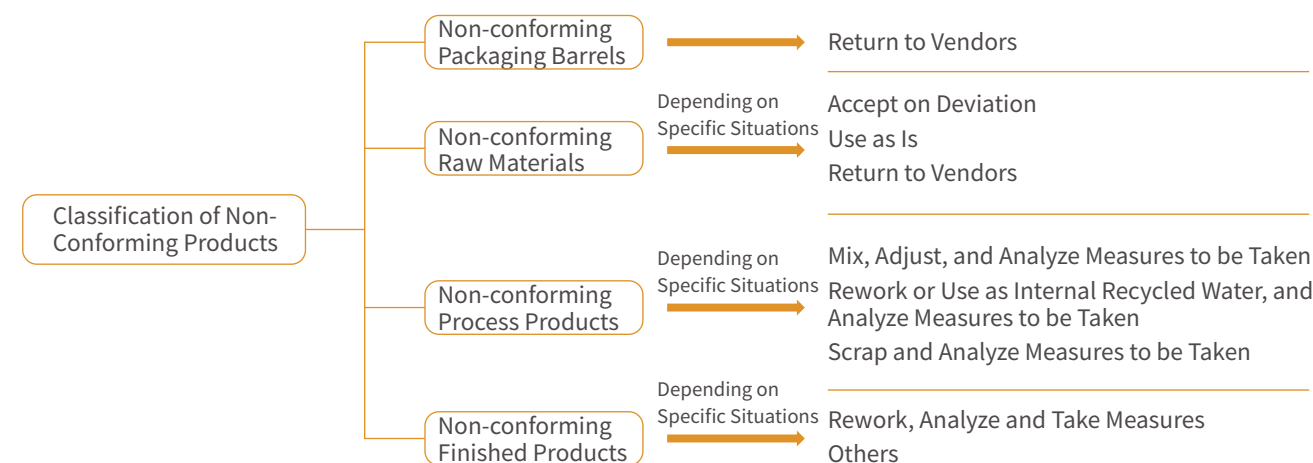
Product Quality Control

To verify that our products meet specified requirements, Qingshuiyuan has established a Quality Technology Department and a Product Testing Center to monitor and measure each production process. The Product Testing Center strictly follows product technical specifications and complies with relevant national standards, industry standards, or corporate standards for product testing.

Nonconforming Product Control

When nonconforming products are detected, Qingshuiyuan applies the strict “Three Do Not Let Go” principle: do not let go until the cause of the nonconformity is clear, the responsible party is identified, and corrective measures are implemented. We immediately address these nonconformities and categorize nonconforming products for appropriate handling.

If a significant product issue that jeopardizes health and safety is identified, we establish a Product Recall Group to recall the sold products. After verifying the issues raised by customers and confirming they are due to our responsibility, our technical staff will improve the problematic processes and prepare preventive and corrective actions. We also purposefully inspect all production processes to effectively prevent the recurrence of similar issues.



Quality Culture Development

Qingshuiyuan places a high priority on cultivating a quality culture. In accordance with relevant principles and regulations, we conduct professional training and assessments for our quality personnel, hold monthly quality review meetings, and focus on improving quality and management levels. Our efforts are centered on developing quality systems, enhancing technical standards and production processes, and elevating staff competencies. This approach aims to solidify the foundation of quality, strengthen quality co-governance, and build a recognized quality brand.



2023 Monthly Quality Review Meeting



2023 Quarterly Quality Assessment

Customer Service

Qingshuiyuan values customer experience, continuously refines our service philosophy and modes, and is committed to providing customers with superior services. We have formulated and implemented the *Customer Service System* to provide more standardized service management in all aspects from the three major aspects of pre-sales, during-sales, and after-sales stages. We regularly conduct customer service training and assessments to continually enhance our service capabilities and improve customer satisfaction.

Key Performance

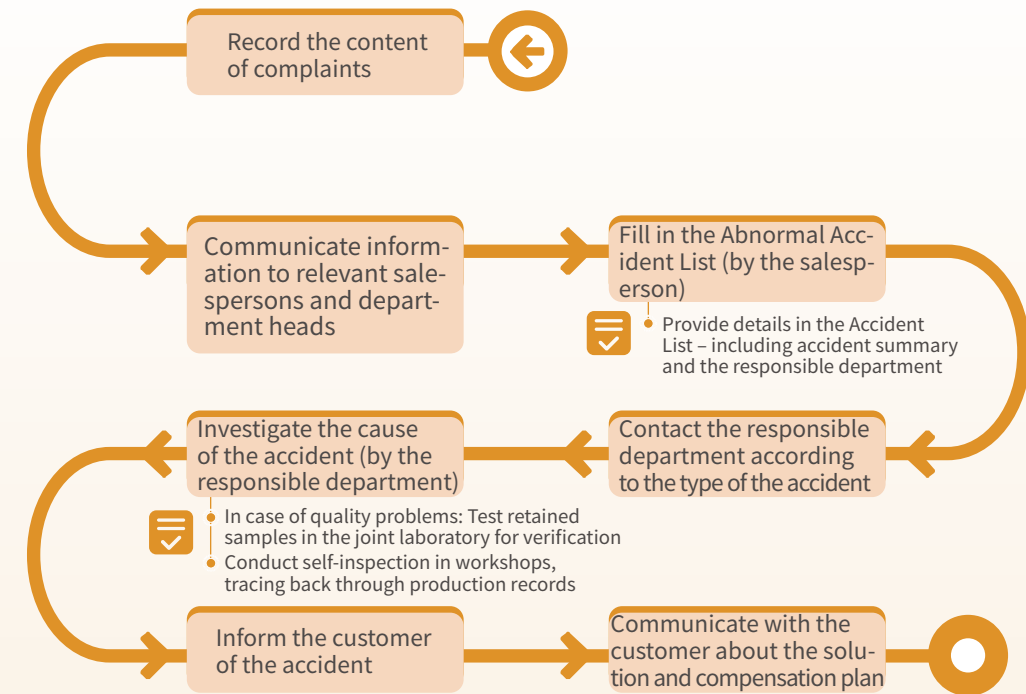
- Number of participants in special training on responding to customer complaints **64**
- Total hours of special training on responding to customer complaints **128** hours
- Number of special training sessions on responding to customer complaints **6** times
- Number of appraisals on responding to customer complaints **1** time
- Pass rate of appraisals on responding to customer complaints **100.00%**

Additionally, our well-established customer communication and complaint mechanisms allow us to quickly obtain customer feedback through multi-channel communication modes, respond to customers quickly, and solve problems raised by customers, effectively safeguarding the rights and interests of customers.

Key Performance

In 2023, we received **3** customer complaints, achieving a **100.00%** complaint resolution rate.

Customer Complaint Process



Customer complaint channels

- Customer complaint hotline 0086-03916082211
- Customer complaint email: sales@qywt.com.cn

Customer Satisfaction

To improve service quality, Qingshuiyuan regularly conducts customer satisfaction surveys across different customer categories, and creates survey reports based on the survey results. We also analyze the causes and potential improvements for dissatisfaction and rate the feedback. Moreover, we follow up with customers whose satisfaction levels are “Average”, “Slightly dissatisfied”, “Dissatisfied”, or “Undetermined”, and fill out customer follow-up survey forms.

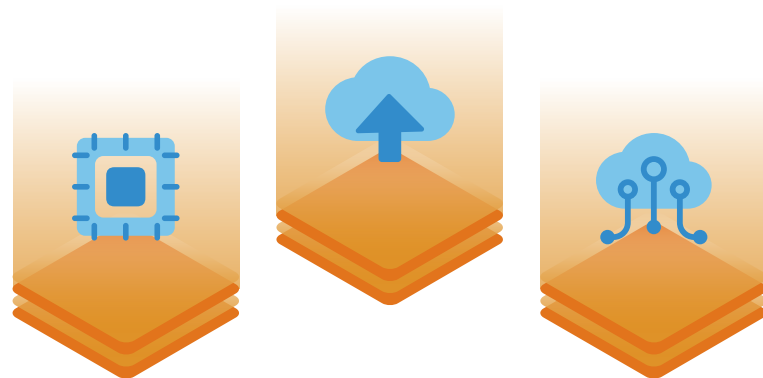
In 2023, we distributed 112 survey questionnaires that received positive customer responses, achieving a composite customer satisfaction score of **98.9**.

Information security and privacy protection

To strengthen the management of our various information systems and ensure their security, we have developed the Group *Information Security System* in accordance with the *Law of the People's Republic of China on Guarding State Secrets*, *Interim Provisions on the Management of Computer Information Systems*, and the *Data Security Law of the People's Republic of China*. This system covers eight major aspects: computer equipment safety, electronic data file security, software security management, information system data security, cryptographic security management, network security management mechanisms, information system security confidentiality mechanisms, and information security response mechanisms. It provides multi-level protection for customer information security and ensures the privacy of customer data.



Information Security Awareness Training



Supplier Management

We are committed to establishing long-term, stable strategic partnerships with suppliers. By enacting internal policies such as *Supplier Management Methods* and *Supplier Assessment, Evaluation, and Grading Management Methods*, we standardize supplier management and establish secure and stable partnerships with various types of suppliers to ensure that the materials provided meet requirements. Additionally, we are continually strengthening our requirements for environmental and social responsibility in supplier admission and assessment, aiming to enhance the sustainable development of our entire supply chain.

Number of Suppliers (by region)



Key Performance

In 2023, **34%** of our procurement expenditure was on local suppliers.

Admission of Suppliers

We rigorously implement supplier admission management mechanisms to optimize the supplier structure and ensure the quality, technological advancement, completeness of legal documentation, reasonableness of prices, and excellence of after-sales services of procurement outcomes, thus safeguarding the normal supply of production and operational materials.

Multiple Channels for Supplier Admission: We acquire supplier information through legitimate means such as the internet, industry peers, supplier introductions, public inquiries, proactive contacts by suppliers, and digital procurement platforms for open sourcing, screening suppliers according to supplier admission criteria.

Multiple Modes for Supplier Admission: For suppliers who pass information verification, each unit's Procurement Department determines a list of eligible suppliers based on the type, characteristics, and actual conditions of procurement projects. They then adopt various admission modes tailored to different cooperation scenarios with suppliers.

Supplier Assessment

To elevate the overall level of our supply chain, our Procurement Center and the Procurement Departments of our subsidiaries should complete the annual assessments of suppliers they have engaged with throughout the year; implement graded and categorized management for suppliers; and adopt differentiated cooperation strategies for different types of suppliers.

Graded Management of Suppliers



- Grade A: Total score \geq 90 points (Excellent Supplier)
- Grade B: Total score \geq 70 points (Qualified Supplier)
- Grade C: Total score \geq 60 points (Supplier to be Determined)
- Grade D: Total score $<$ 60 points (Disqualified Supplier)

Suppliers rated as A or B are exempt from re-assessment for one year and can participate in our group Company's procurement projects in the respective category. Suppliers rated as D are prohibited from participating in any bidding activities in the respective category for two years. If these suppliers wish to bid after this period, they should undergo a re-assessment process according to established procedures.

Supplier ESG management

We are committed to building a supply chain with sustainable development attributes, strengthening suppliers' awareness of environmental protection and business ethics, and resisting commercial bribery and unfair competition. During the supplier registration and admission process, suppliers should pass an integrity test and sign a *Commitment to Honesty and Integrity*. Those violating national laws, national regulations, social morals, or industry norms, or lacking integrity will be blacklisted for cooperation.

We pay attention to suppliers' performance in ESG aspects, giving priority to suppliers who have achieved certification in environmental, quality, or occupational health management systems.

30 Suppliers with a certified environmental management system

31 Suppliers with a certified occupational health and safety management system

Purchasing Management

To regulate the behaviors of our procurement personnel, ensure high-quality procurement, and achieve reasonable market pricing, we have established the *Tender Management System*, *Procurement Management System*, *Integrity and Self-Discipline Management Regulations for Procurement Personnel*, and other systems. A digital procurement platform has also been set up to continuously enhance the monitoring and management of the procurement process for materials, engineering projects, and services, prevent violations, and eradicate the acts of commercial bribery, thereby protecting our rights and interests and ensuring the health and orderliness of tender and procurement operations.

Qingshuiyuan requires Procurement Managers and Personnel involved in procurement to be responsible for their own integrity and self-discipline. They should conscientiously adhere to national laws and regulations, as well as our policies prohibiting commercial bribery and promoting ethical conduct. By the end of the Reporting Period, **100.00%** of our employees had signed a Commitment to Procurement with Integrity.

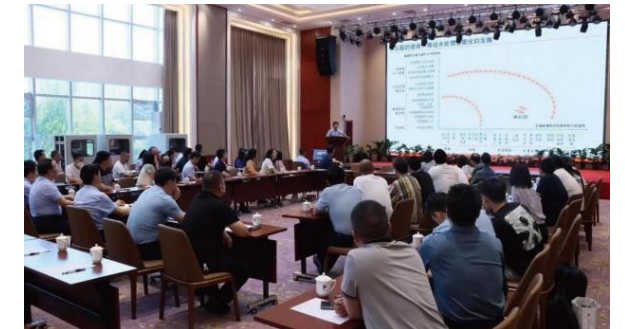
Industry Exchanges

The development of the industry relies on the mutual support and cooperation of all parties within the ecosystem. We focus on extensive exchanges and collaboration with industry peers to co-develop and share standards and outcomes, expand our partner network, create a new industry ecosystem, and continuously promote the sustainable development of the industry.

Case Study: Qingshuiyuan 28th Anniversary Exchange Symposium

On June 8, 2023, we hosted our 28th Anniversary Exchange Symposium, attended by over a hundred entrepreneurs and customer representatives from both domestic regions including Tianjin, Hebei, Shandong, Jiangsu, Guangdong, Hubei, Shaanxi, Xinjiang, and internationally from Italy, fostering a comprehensive exchange.

During the new product release segment, Gu Yikang, General Manager of Shuiyunzong, presented on *Driving Carbon Reduction and Efficiency Enhancement in Reverse Osmosis Systems through Intelligent Water Treatment*. The General Manager introduced intelligent water treatment technologies and showcased new products, including Shuiyunzong's Reverse Osmosis Intelligent Control System SRO-100, Mini Yunzong, DM-10/15 High-Resolution Dynamic Simulation Devices, and FLA-300 series online titration method analyzers for alkalinity, hardness, and chloride.





Priority on Safety, Safeguarding Occupational Health

Upholding the principle that life is above everything else, Qingshuiyu-an continuously improves our safety management system, implements safety production, conducts safety inspections and education, and organizes employee health checkups. With a focus on prevention, we are unwavering in our commitment to fortifying our safety defenses and strive to achieve long-term stability in safety production with our safety development philosophy.

Safety Management	75
Emergency Preparedness	77
Occupational Health	79
Safety Education	79



Safety Management

We strictly adhere to laws and regulations, such as the *Law of the People's Republic of China on Work Safety* and the *Measures for the Administration of Emergency Response Plans for Work Safety Accidents*, and have established systems such as the *Safety Production Responsibilities*, *Compilation of Safety Management Systems*, and *Safety Management Assessment Rules*, tightening the implementation of safety production responsibilities. These systems are regularly revised and improved to ensure the effective operation of our occupational health and safety management systems, thus ensuring smooth safety production and safeguarding employees' occupational health.

We rigorously implement a dual prevention mechanism for the grading and control of safety risks and the investigation and treatment of hidden dangers, eliminating risks at their nascent stage. We actively organize self-inspections of safety production processes by conducting on-site safety checks monthly and major hazard inspections weekly, eliminating potential dangers and effectively preventing and curbing production safety accidents. During the Reporting Period, we conducted detailed and thorough inspections focused on fire safety and confined space operation safety and issued 1,023 hazard rectifications with a 100% rectification completion rate.

Key Performance

Investment in safety production: RMB **8.13 million**.
Safety production accidents: **0**.

Case Study: Safety Inspection of Qingshuiyuan Shanghai

We organized dedicated personnel to conduct a comprehensive safety inspection of the CUCC Water Treatment System Renovation Project and the Operation and Maintenance Project. The inspection included checks on temporary power sources and cables on-site, testing of leakage protectors, and ensuring on-site cleanliness, all of which provided a solid guarantee for safe construction.



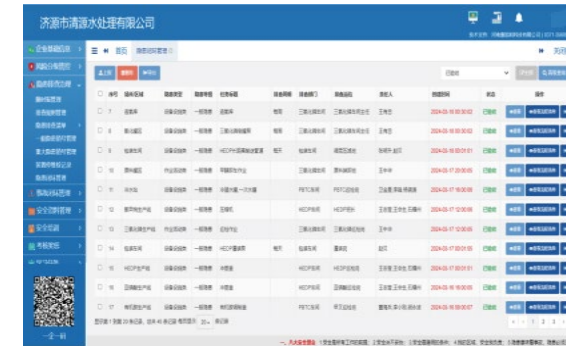
On-site Inspection of the Renovation Project



On-site Inspection of the Operation and Maintenance Project

Case Study: Comprehensive Safety Inspection by Qingyuan Water Treatment

All our departments, workshops, workgroups, and positions rigorously conducted on-site inspections for hidden dangers according to established safety control measures for various risks. Identified risks were promptly reported for rectification and underwent an acceptance process to close the loop, effectively eliminating on-site hidden dangers and nipping hidden dangers in the bud.



Identification of hidden hazards



Safety Inspection

Hazardous Chemical Management

We continually standardize chemical management by establishing systems such as *Laboratory Chemical Management, Management and Safety Storage Regulations for Chemical Reagents*, and *Security System for the Warehouse of Incoming and Outgoing Hazardous Wastes*. These systems effectively manage and monitor the production, storage, and use of hazardous chemicals in our production and operations, reducing the risks associated with storing and using hazardous chemicals.

Procurement Management of Hazardous Chemicals

The suppliers of hazardous chemicals should possess qualifications for the production or sale of hazardous chemicals, and their products should comply with national technical standards and specifications. The quantity of hazardous chemicals purchased and stored should be jointly confirmed by the procurement personnel and the responsible person, and excessive storage is strictly prohibited.

Use Management of Hazardous Chemicals

The use of hazardous chemicals requires a demand plan specifying the storage time, location, and quantity of the hazardous chemicals. Hazardous Chemicals should be issued as needed and operators should wear specific protective gear before working.

Storage Management of Hazardous Chemicals

Hazardous chemicals should be stored in strict accordance with the principles of "storing by categories, by items, in dedicated cabinets, and in dedicated storage areas". An inventory of these chemicals should be visibly posted. Storage management should be overseen by personnel trained in relevant specialties, employing a dual-person, dual-lock system for enhanced security.

Recycling Management of Hazardous Chemicals

Hazardous chemicals and their used packaging such as boxes, paper bags, bottles, and barrels, as well as residues and wash waters produced after use, should be strictly managed, collected centrally, handled by designated personnel, and recorded.



Emergency Preparedness

We are committed to building an emergency management mechanism, considering emergency response capabilities as an essential safeguard for corporate safety operations. We actively implement a series of measures to enhance actual emergency response capabilities at both the corporate and individual levels, strengthen skills for dealing with emergencies, and build a safety defense line. During the Reporting Period, we organized 123 safety emergency drills, effectively enhancing our emergency response and handling capabilities.

Emergency Drill for Working in Confined Spaces

In May 2023, Tongsheng Environmental organized an emergency drill for working in confined spaces to improve employees' abilities to respond rapidly, efficiently, and orderly in the event of an emergency accident, preventing incidents of poisoning and asphyxiation during operations in confined spaces at the wastewater treatment plant.



Flood Control Emergency Drill

In July 2023, Tongsheng Environmental conducted a flood control emergency drill to further disseminate safety knowledge about flood control among employees and enhance their flood control awareness, enabling them to fully activate safety mechanisms in the shortest possible time during heavy rains.



Drill on the Emergency Response Plan for Mechanical Injury Accidents

In November 2023, Tongsheng Environmental conducted a drill on the emergency response plan for mechanical injury accidents, instructing employees to adhere to safety work procedures. In the event of an accidental mechanical injury, employees are trained to remain calm and promptly apply the appropriate first aid techniques and procedures to effectively respond to the incident and prevent further accidents.



Firefighting Practical Training

In 2023, to further strengthen our employees' fire safety awareness and improve their practical skills in firefighting, we organized firefighting practical training sessions. During these sessions, dedicated personnel were assigned to lead the employees in learning about various common firefighting equipment, introduce how to operate them, and organize practical drills.



Occupational Health

We place high importance on employees' occupational health, strictly adhere to laws and regulations related to occupational health, and continuously improve the occupational health management system. We also conduct occupational management efforts from the following aspects: leadership and responsibilities; the “three simultaneous” in occupational health; and training and education in occupational health, thereby comprehensively protecting the health and safety of employees. By the end of the Reporting Period, Qingshuiyuan and five of our affiliated units had achieved ISO 45001 Occupational Health and Safety Management Certification.



ISO 45001 Occupational Health and Safety Management System Certification

Key Performance

We actively improve employees' working and living conditions, regularly organize health check-ups, and hold various health knowledge lectures, effectively safeguarding employees' occupational health.

Coverage rate of physical examinations for employees: **100.00%**
 Percentage of special operators licensed: **100.00%**
 Inspection of occupational disease hazards: **100.00%**
 New cases of occupational diseases: **0**.

Safety Education

We place great emphasis on cultivating employees' awareness of safety, requiring all employees to undergo comprehensive safety education and training courses before starting their official duties. The training is conducted through diverse modes, including lectures by external safety experts, guidance from our experienced internal trainers, and practical on-site drills.

In 2023, Qingshuiyuan and our subsidiaries organized a series of safety education training sessions. These sessions helped employees understand the importance and necessity of safety production mentally, transforming safety activities into voluntary safety behaviors integrated into their daily work, thus creating a positive atmosphere where everyone is concerned with safety, and safety concerns everyone.

Key Performance

Total investment in safety education and training: RMB **209,300**.
 Number of safety education and training sessions: **744**.
 Number of participants in safety education and training: **1,705**.
 Total hours of safety education and training: **918.41** hours.
 Coverage Rate of Safety and Risk Prevention Training: **100.00%**.

Case Study: “Safety Month” Campaign of Qingshuiyuan Shanghai

In June 2023, Qingshuiyuan Shanghai conducted safety management campaigns, providing special training for project team members and on-site construction personnel during “Safety Month”. The training covered relevant legal knowledge on safety production and on-site safety precautions, and included a training examination. This campaign emphasized the importance of safety management to project management personnel, enhancing their personal safety awareness and improving their skills in safety production, thus laying a solid foundation for our safe construction practices.



Operator Safety Training



Safety Training Examination

Case Study: “Safety Month” Campaign of Shuiyunzong

Under the theme “Everyone Speaks of Safety, Everyone Knows Emergency Response”, Shuiyunzong conducted a “Safety Month” campaign, establishing a top-down supervision and regulation system. This ensured clear responsibilities and structured management, which deepened employees' understanding of the importance and necessity of safety production. It transformed safety activities into voluntary behaviors integrated into their daily work, creating a positive atmosphere where everyone is concerned with safety, and safety concerns everyone.



“Safety Month” Promotion



Safety Production Training Examination

Case Study: “Safety Month” Campaign of Qingyuan Water Treatment

Qingyuan Water Treatment implemented a company-wide safety production responsibility system to enhance the safety quality and capabilities of all employees. Qingshuiyuan organized for employees to watch educational films such as the *Thematic Education Film for Safety Production Month* and the *Untouchable Red Lines*, driving leaders at all levels to reinforce the principles of “people first, life paramount, and safety first”, and emphasizing and solidifying the responsibilities for safety.



Safety Production Education and Training





People Orientation, Creating a Fulfilling Workplace

Qingshuiyuan consistently adheres to a people-oriented approach, regarding talent as the most valuable asset. Qingshuiyuan pays attention to employees' legal rights and interests, establishes management principles that care for employees, strives to build an equal, diverse, and inclusive work environment, empowers employees comprehensively through training and development, and continuously promotes the ideal and goal of achieving a symbiotic and mutually beneficial relationship between employees and the Company.

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Compliant Employment

We are committed to lawful employment and creating an equal and inclusive work environment that protects the legal rights and interests of every employee. We strictly adhere to applicable laws and regulations, such as the *Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China*, and abide by the principles of fairness, impartiality, and openness to establish a comprehensive recruitment process. Additionally, we attract talents from various regions through diverse recruitment channels and mechanisms, such as on-campus recruitment, university-enterprise cooperation, and social recruitment.

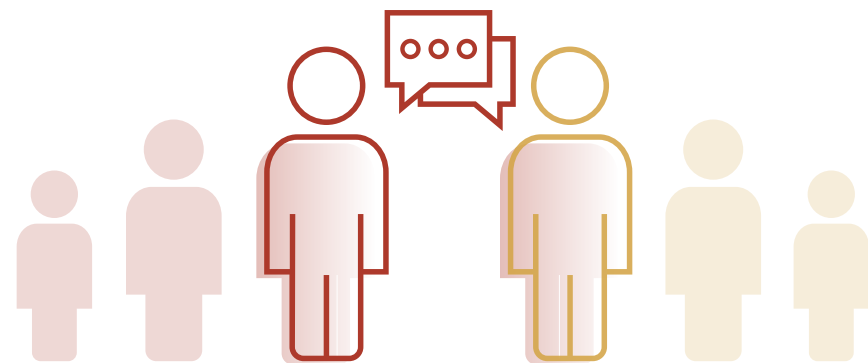
Key Performance

A total of **59** new employees were hired, of which **48** were recruited through social recruitment and **11** were recruited through other channels. Employee turnover rate: **10.21%**.

We do not tolerate any form of discrimination or harassment in our recruitment, training, promotion, or compensation practices. We make no distinctions based on gender, race, skin color, age, or disability status. Additionally, we strictly enforce background checks and reviews to prevent the employment of child labor and forced labor from the outset.

Key Performance

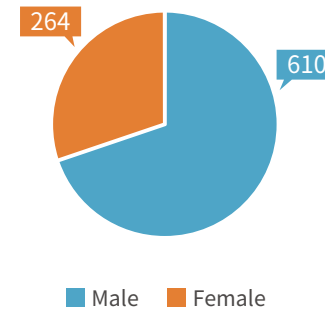
Number of incidents involving the use of child labor: **0**
 Number of incidents of forced labor complaints: **0**
 Number of labor discrimination incidents: **0**
 Total hours of employee diversity policy training: **200** hours



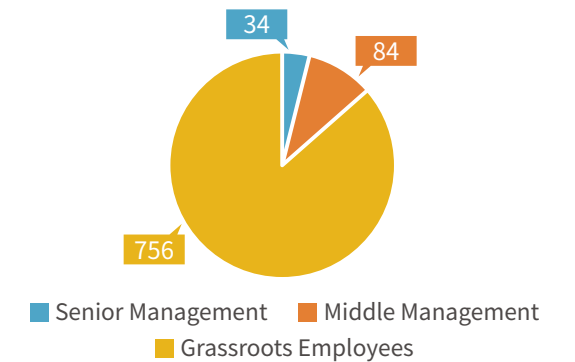
Employee Composition

As of the end of the Reporting Period, we had a total of **874** employees, with employees of minority nationalities making up **1.33%** of our workforce.

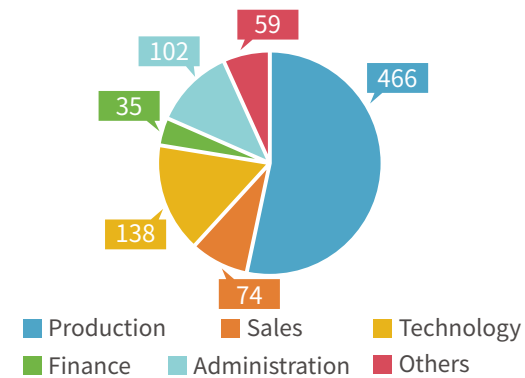
Number of Employees (by Gender)



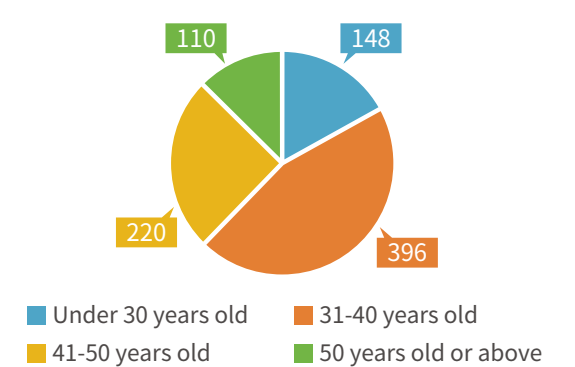
Number of Employee (by Position Level)



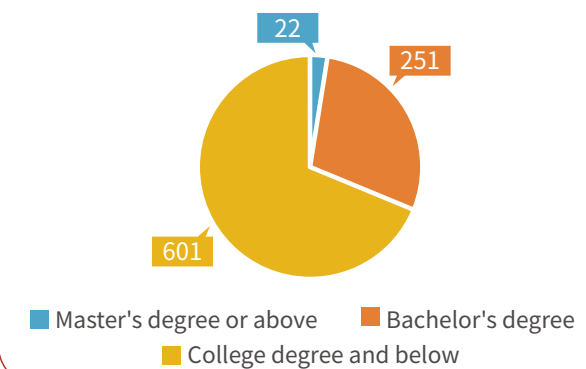
Number of Employee (by Specialization)



Number of Employee (by Age)



Number of Employees (by Academic Qualification)



Employee Rights and Interests

We adhere to the principle of caring for our employees by firmly protecting their legal rights and interests. We continuously improve our salary and benefits system to ensure compliance with the mandated contributions to the five social insurances and one housing fund.

Key Performance

- Percentage of contract workers: **100.00%**
- Social security coverage: **100.00%**
- Total investment in welfare: RMB **16.47 million** including RMB **3.36 million** in special benefits.

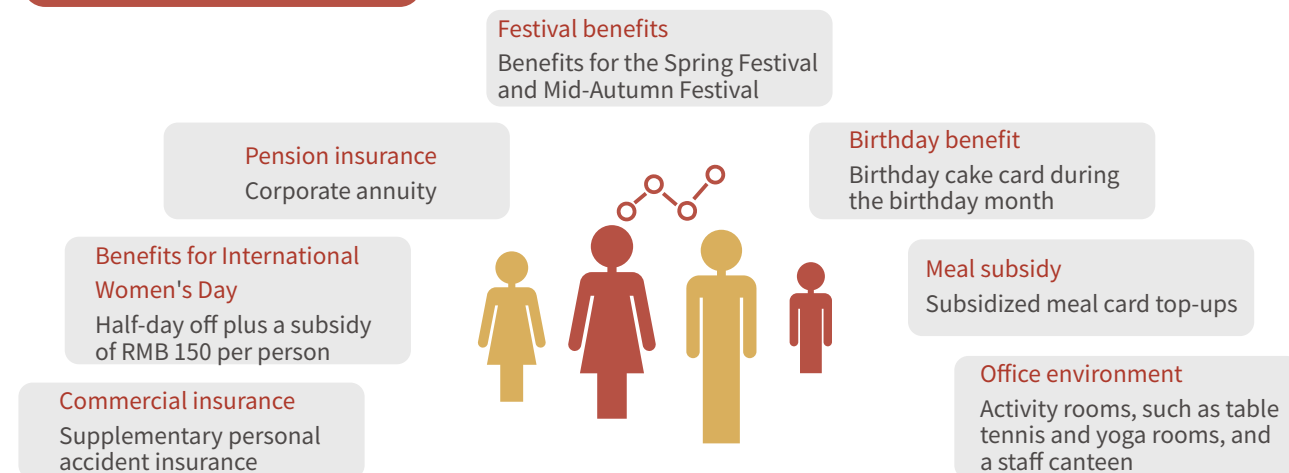
Compensation and benefits

According to applicable national laws and regulations and the specific conditions of Qingshuiyuan, we implement varied compensation strategies for different departments, positions, and personnel. We adhere to the principle of “distributing remuneration according to work” and have established a comprehensive remuneration management system. By fully respecting the value and contributions of our employees, we aim to enhance their work enthusiasm and foster long-term, stable employment relationships.

We strictly adhere to national regulations, providing our employees with comprehensive social insurance, including pension, medical, unemployment, work-related injury, and maternity insurance. We fully pay all associated premiums and contribute to the housing provident fund. Legally, our employees are entitled to various statutory leaves such as marriage, bereavement, and annual leave, while female employees also receive maternity, breastfeeding, and childcare leave.

Furthermore, we actively provide various welfare and subsidies to significantly enhance employee satisfaction and well-being.

Additional Company Welfare



Protection of the Rights and Interests of Female Employees

We strictly adhere to the *Special Provisions on Labor Protection of Female Workers in Henan Province* issued by the People's Government of Henan Province to uphold the legal rights and interests of female employees. We have established a robust system for the protection of female employees, ensure equal pay for equal work regardless of gender, and safeguard the legitimate leave rights of our female employees.

- Number of employees who took maternity leave: **14**
- Number of employees who took parental leave: **12**
- Return rate from maternity leave: **100.00%**
- Return rate from parental leave: **100.00%**
- Proportion of female managers: **22.86%**
- Proportion of female employees in technical positions: **36.96%**

Democratic Governance

We have developed and continually refined the *Employee Congress System* in accordance with the *Labor Union Law of the People's Republic of China* and the *Regulation on Enterprise Employee Congress*, thus standardizing the mechanisms for employee democratic management and supervision, ensuring the legitimate right of employees to be informed and participate, and fully engaging their initiative and creativity. During the Reporting Period, our Employee Congress approved 5 projects, and 95% of our in-service employees were members of the Employee Congress.

To further strengthen employee democratic management, fully mobilize the enthusiasm of employees to participate in enterprise management, and build harmonious labor relations, Qingshuiyuan has established a *Factory Affair Publication System*. We have set up a Factory Affair Publication Working Group and a Factory Affair Supervision Working Group. The Factory Affair Publication Working Group is responsible for handling the specifics of publicizing factory affairs and putting forward solutions, while the Factory Affair Supervision Working Group is responsible for overseeing the timeliness and authenticity of the publicized information on factory affairs and ensuring that feedback from employees is adequately addressed.



To foster harmonious relationships between our Company and employees, our Labor Union, in accordance with applicable laws and regulations, has established a dedicated Labor Dispute Mediation Committee tasked with mediating internal labor disputes. In 2023, the Company did not have any labor dispute cases.

Employee Satisfaction

To further enhance employee satisfaction and promptly address their concerns, each department of the Company conducted employee satisfaction surveys using questionnaires. This systematic approach helps capture employee needs, enabling specific improvements in the management and service levels of each department. It fosters employee happiness and builds harmonious labor relations.

Key Performance

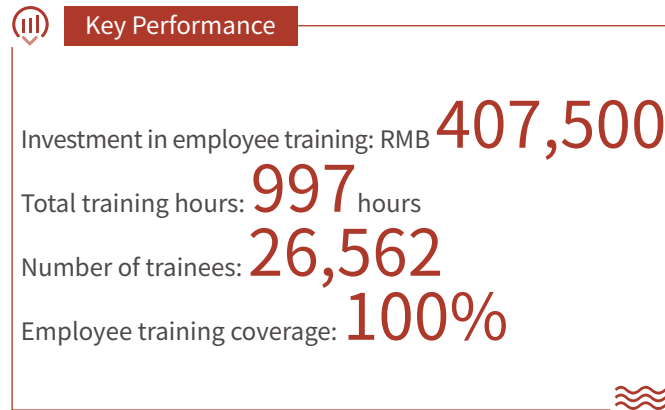
Employee satisfaction in 2023: **100%**

Employee Empowerment

Employee training

We value the growth and development of all our employees, providing ongoing and targeted training to enhance the quality and capabilities of our employees at all levels. We have established a clear and structured talent development and knowledge system, continuously advancing the standardization and systematization of employee learning.

We employ a combination of internal mentoring and external instructors, utilizing diverse teaching modes to stimulate employees' learning enthusiasm, optimize their knowledge structures, and enhance their skills.



Senior Management Evaluation Training



Special Training in Finance



Cost Accounting Training



Business Etiquette Training

Employee Development

We focus on employees' career development, providing them with diverse, fair, and clear career advancement channels. We respect their career choices, encourage them to select roles according to their strengths and the nature of the job, and ensure the comprehensive development of suitable talents. Furthermore, we actively recognize and reward employees to keep them motivated.

We offer dual career paths in management and non-management sequences, allowing employees to independently choose and develop along these paths, thereby helping them realize their self-worth.

Management Sequence

In accordance with management position settings, as positions are promoted, the job responsibilities and authority increase, as do the necessary management skills.

Non-Management Sequence

In accordance with business position settings, job promotions primarily reflect enhancements in employees' professional abilities and technical levels, including professional, technical, research and development, marketing, and operational sequences.

Case Study: Employee Recognition Conference

On January 20th, the Qingshuiyuan 2022 Annual Summary and Recognition Conference was grandly held at the Group's R&D Building. It was attended by all staff from the headquarters, key leaders of the subsidiaries, frontline employees from various positions, and representatives of advanced collectives and individuals, totaling more than 160 participants. The conference recognized individuals and groups who had performed excellently over the past year and affirmed the achievements of outstanding employees and groups.



Employee Care

We place a high priority on fostering employee cohesion and a sense of belonging and advocate for mutual growth between the Company and our employees. To support this, we organize activities such as employee visits, employee sports meet, and outdoor team-building activities, ensuring employees have a comfortable experience during work hours and fostering healthy and harmonious labor relations.

Support for Employees in Difficulty

Qingshuiyuan consistently prioritizes supporting employees in need as a crucial part of demonstrating care for our staff. We respond promptly to the needs of these employees and assist them in overcoming their challenges.

Case Study: Visits to and Greetings for Employees in Difficulty

On January 19, 2023, our Labor Union and Group leaders visited the families of several employees who had applied for assistance and provided them with consolation funds and gifts.



Employee activities

The Company actively conducts unique employee activities to foster team spirit and enhance cohesion. These initiatives aim to create a healthy, positive, and uplifting work environment, thereby strengthening employees' sense of belonging and overall happiness.

Case Study: Spring Sports Meet for Employees

From March 14 to 15, 2023, the Qingshuiyuan Labor Union hosted the Spring Sports Meet for Employees, featuring events such as tug-of-war, crossing the river by feeling for stones, moving ping pong balls with chopsticks, fun relay races, jumping rope on pressure board, and group jump rope. Over 200 employees eagerly signed up to participate in the sports meet, showcasing the vibrant spirit of our employees and boosting employee cohesion.



Case Study: Employee Sports Meet

At the end of April 2023, the General Union of the Demonstration Area organized the 20th Employee Sports Meeting, with Qingshuiyuan's Labor being responsible for hosting the Tai Chi competition. Qingshuiyuan actively encouraged broad employee participation, with staff signing up for the Tai Chi competition, basketball competition, or tractor game, achieving excellent results.



Case Study: Harnessing the Essence of Tai Chi for a Stronger Health Foundation

On July 16, 2023, the second-year Tai Chi Summary and Exchange Conference of Qingshuiyuan was held in the Multifunctional Hall of the R&D Building. Our Chairman of the Board of Directors Wang Zhiqing, directors, supervisors, officers, and middle and senior management from the headquarters and subsidiaries, along with front-line employees engaged in production, scientific research, and project construction, collectively over a hundred Tai Chi enthusiasts, attended the conference.



Case Study: National Day Outdoor Activities for Employees

From September 19 to 22, 2023, the Qingshuiyuan Labor Union held the National Day Outdoor Activities for Employees at Shunwangping in Lishan, Shanxi. A large number of employees participated enthusiastically. The activities enriched the cultural life of our employees, reflected our care for their physical and mental health, and showcased the spirit of our employees.



Case Study: Dumpling-Making Event to Celebrate the Winter Solstice

At noon on December 22, 2023, Tongsheng Environmental organized a dumpling-making event for celebrating the winter solstice to enhance employees' understanding of traditional Chinese culture. The event enhanced teamwork among employees, further fostering a sense of happiness and warmth within the Company.





Heartfelt Passion, Fostering Shared Prosperity

Qingshuiyuan upholds the philosophy of “thinking of the source of wealth and returning to society”, adheres to the core principle of being a centurial enterprise benefiting the society and serving the world, and actively fulfills our social responsibilities as a listed company. Over the years, Qingshuiyuan has actively participated in public welfare projects such as new rural construction, educational support, and charitable fundraising, setting examples and becoming a model of corporate responsibility, morality, and compassion.

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Rural Revitalization

Following the national strategy deployment for rural revitalization, we vigorously consolidate and expand the achievements of the national poverty alleviation efforts, injecting new vitality into the sustainable development of beautiful villages.

Poverty Alleviation through Consumption

During the Reporting Period, we organized actions to support poverty alleviation through consumption, promoting the sale of high-quality agricultural products from underprivileged villages to accelerate their income growth. We purchased agricultural products for poverty alleviation such as vermicelli and walnuts totaling RMB 35,000; additionally, we donated a total of RMB 160,000 to Jishui Street, Xiliuyang Village, Beirui Village, and Dongtianjiang Village, supporting rural revitalization and fostering mutual development between villages and enterprises.

Rural Construction

Improving rural residential environments is a crucial initiative under the rural revitalization strategy. During the Reporting Period, in response to the sewage treatment challenges and demands in Sili Town, Jiyuan City, we donated an integrated sewage treatment system of Qingshuiyuan valued at RMB 500,000 to improve the rural living environment and enhance rural domestic sewage management. Additionally, we gifted a geriatric nursing home to the state, enabling more elderly people to enjoy their later years in a happy, safe, and well-served environment. Through practical actions, the Company contributes to the construction of ecologically livable and beautiful villages, characterized by clean and attractive living environments, stable and healthy ecosystems, and harmonious coexistence between humans and nature.

Case Study: Donation of a Geriatric Nursing Home

On June 18, the Chairman of the Board of Directors of the Company donated the Jiuligou Geriatric Nursing Home to the state without compensation, handing it over to the People's Government of Sili Town named after the revolutionary martyr Yu Sili. The People's Government of Sili Town officially renamed the geriatric nursing home to Dexiang Healthcare Center, contributing to the creation of beautiful villages.

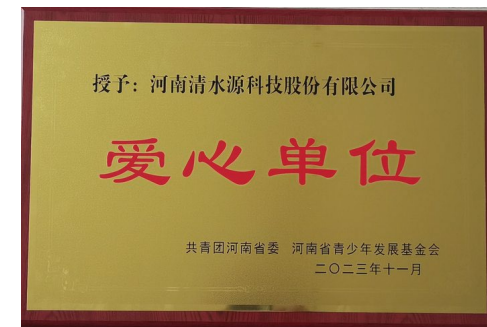


Contribution to Education

According to the Government Work Report on the 20th CPC National Congress, education is of critical importance to the future of our country and our Party. Qingshuiyuan actively undertakes social responsibilities, promoting urban and rural education, assisting rural youth in accessing fair and quality education, and contributing to the high-quality development of education in Jiyuan.

Case Study:

On November 30, the unveiling ceremony of the Zhicheng Hope School of Jiyuan City took place at Zhicheng Experimental Elementary School. Qingshuiyuan contributed RMB 2 million to the construction of the Hope School and was awarded the title of "Caring Unit" by the Henan Provincial Committee of Communist Youth League and the Henan Youth Development Foundation.



Case Study: Caring for Underprivileged Students, Fostering Civilized Rural Customs

On August 22, Qingshuiyuan held the 2023 University Freshmen Scholarship Award Ceremony in the Group's academic lecture hall. This event recognized the outstanding achievements and diligent spirits of young students, motivating and educating more students to engage in learning and achieve their dreams through hard work. In this event, a total of RMB 155,000 in scholarships was distributed.



Charitable Fundraising

Qingshuiyuan is keenly involved in social welfare activities, recognizing that such important endeavors not only fulfill our corporate social responsibilities but also significantly enhance our corporate image and boost employee pride. With a strong commitment to our ethos of “putting people first and aiding the vulnerable”, we promote high-quality development in charity by engaging in various forms of public welfare endeavors, such as charitable donations and public welfare activities. These actions help spread charitable values, ignite the virtues of truth, goodness, and beauty, and convey a positive energy, fostering an environment where everyone harbors charitable intentions and participates in philanthropy. In 2023, our total charitable donations amounted to RMB 55,315.

Case Study: Charity Day Fundraising Event

On August 31, aligning with the theme “Offering Love, Lifting Hope”, the Company, in accordance with the principles of “legality, voluntariness, and gratuitousness”, extensively mobilized and organized charity fundraising events across the entire company for the “China Charity Day”, “Jiyuan Charity Day”, and the “Honoring of Individuals Who Rise to the Occasion During Emergencies and the ‘Public Welfare Day on September 9’”. Employees from our headquarters and branches in Zhengzhou, Xi’an, Shanghai, and other locations enthusiastically participated, voluntarily contributing to the cause.



Lawful Tax Payment

We adhere to the principle of lawful tax payment, actively fulfilling our tax obligations, strictly complying with national tax policies, and ensuring the lawful, accurate, and timely payment of all taxes, while maintaining compliance in terms of tax information disclosure.

In 2023, the Company paid a total of RMB 29.14 million in taxes, with no incidents of non-compliance due to tax disputes.

Volunteer Services

The Company harnesses the power of charity to demonstrate corporate responsibility. We consistently focus on the genuine needs of the general public and vulnerable groups, rallying our Company’s strength with a strong sense of mission and social responsibility. We actively promote the spirit of volunteerism, organizing and mobilizing diverse volunteer activities to enhance our corporate image and give back to society through practical actions.

Case Study: Blood Donation Event

In response to the call for voluntary blood donation and to promote the spirit of volunteer service in the new era, on the morning of March 31, the Company proactively coordinated with the Central Blood Station of Jiyuan City to conduct a blood donation event themed “Remembering the Initial Commitment and Learning from Lei Feng; Staying True to the Mission and Demonstrating through Actions”, contributing to the cause of voluntary blood donation. In this event, 33 of our employees participated, donating a total of 13,200 milliliters of blood.



Public Welfare Outlook

Fulfilling social responsibilities is the cornerstone of the Company's sustainable and long-lasting operations. In the future, the Company will continue to commit to social welfare and charitable causes, supporting the revitalization of rural areas.

We will maintain a sustainable mechanism to fulfill the responsibilities associated with the Qingshuiyuan Charity Fund, unleashing more social value through increasing charitable actions.

We will continue our participation in educational support, rural revitalization, and “China Charity Day” activities, consistently contributing to society to ensure a mutual win between long-term corporate growth and societal value.

Committed to shared development, we uphold an ethos of virtue and benevolence, utilizing our responsibility and commitment to public welfare to give back to society, focusing on philanthropy, actively fulfilling our social responsibilities, and promoting shared prosperity.

We will keep focusing on the actual needs of the general public and vulnerable groups, promote the spirit of volunteerism, and encourage our employees to actively participate in charitable activities, spreading love and warmth through practical actions.



Future Prospects

In the future, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will maintain close attention to industry policies and the development trends of industry chains. We aim to uncover potential opportunities within national policy frameworks, committing to a strategy that emphasizes high-tech cultivation, light-asset operation, and high-quality growth. Building on the R&D and production of water treatment chemicals and supported by our water treatment projects, we plan to enhance the automation and intelligence of our production equipment and processes. This will promote synergistic interactions across various business segments and enable the creation of high-standard, century-long projects, ensuring the Company's long-term, healthy, and high-quality development.

Seeking new breakthroughs in the field. We will continue to meet industry and market demands by enhancing our core competitiveness in water treatment chemicals. We aim to expand the types and applications of our products, focusing on the development of new, green, and environmentally friendly water treatment chemicals. By adhering to strategies of technological and product innovation, we strive to improve product performance and increase the technological content of our offerings.

Enhancing core competitiveness. We will align our strategies with market demands, focusing on our existing water treatment chemical industry chain. We will take multiple measures to refine the layout of our upstream and downstream industrial chains, diversify our product types, and increase the technological content of our products to boost our overall core market competitiveness.

Creating a new operational and maintenance framework. We will leverage our Shuiyunzong Internet platform to establish a new pattern of intelligent operations and maintenance. Our goal is to accelerate the market promotion and national strategic deployment of Shuiyunzong, securing high-quality channel partners in key regions, forging strategic partnerships with large state-owned enterprises and their secondary environmental protection agencies, and focusing on the on-site construction of landmark projects in key industries. We will continue to expand into markets represented by the cold chain industry, targeting small and micro customers.

Strengthening talent development. We will focus on the right fit for jobs, concentrate on introducing and training high-level scientific and technological talent, perfect our talent assessment and positive incentive mechanisms, enhance cadre supervision and management, and strengthen supervision throughout the recruitment and employment processes.

Day by day, dusk turns to dawn. Qingshuiyuan remains committed to its original aspirations, upholding professional integrity and a high sense of responsibility. Aspiring to be a leading environmental protection enterprise both domestically and globally, we continue to advance steadfastly.



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Feedback Form

Thank you for taking the time to read the 2023 Environmental, Social, and Governance (ESG) Report of Henan Qingshuiyuan Technology Co., Ltd. We greatly value and eagerly anticipate your opinions and suggestions on our ESG practices and sustainable development management. Your feedback is essential for the continuous improvement of our ESG initiatives and the enhancement of our sustainable management practices. We kindly invite you to complete the questions in the “Feedback Form” section and share your responses with us through the modes provided below. Once again, thank you for your strong support of our ESG efforts.

Which of the following stakeholders is most relevant to you in relation to Qingshuiyuan?

Employee Client & Consumer Shareholder/Investor Supplier Government & Regulatory Authority Media/Industry Association Others (please specify) _____

1. Your overall assessment of this year's ESG report:

Excellent Good Average Below Average Poor

2. Do you think the information disclosed in the report is accurate, clear, and complete?

Excellent Good Average Below Average Poor

3. Do you find the report readable?

Excellent Good Average Below Average Poor

4. Do you think the report comprehensively reflects the Company's significant impacts on the economy, society, and environment?

Excellent Good Average Below Average Poor

5. What is your evaluation of the report's logical reasoning, structural arrangement, and layout design?

Excellent Good Average Below Average Poor

6. Which topics in this year's ESG report most captured your attention?


7. What additional information would you like to see in the report?


8. Do you have any other comments or suggestions regarding our ESG report, ESG work, or sustainable development management?

If you have any questions, suggestions, or comments about our ESG management and this report, please contact us at:
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