

2021

LongShine Technology Co., Ltd.

Environmental, Social and Governance (ESG) Report 2021



Table of Contents

 **About This Report**

 **Chairman's Speech**

LongShine Technology

1

Company Profile	10
Corporate Culture	12
Main Business	12
Sustainable Development Management	14

Develop Digital Technology and Lead A Low-Carbon Future

2

Enable Low-Carbon Energy Transition	20
Lead A Convenient Low-Carbon Life	24

Purse Excellent Management and Advocate Sustainable Development

3

Adhere to compliance and efficient management	32
Innovative Product Quality Management	36
Strengthen Information Security Management	43
Standardize Supplier Management	46

Adhere to People-Oriented Principle and Assist Employees Growth

4

Protect The Interest of Employees	50
Support Employee Development	52
Care for Employees' Life	54

Take Social Responsibility and Repay the Society Wholehearted

5

Adhere to Low-Carbon Operation	60
Intelligent Anti-Pandemic Activities	62
Assist Social Welfare	63

 **Future Prospect**

 **Key Performance Indicator**

 **Feedback Form**

About This Report

This report is the first Environmental, Social and Governance (ESG) Report issued by LongShine Technology Group Co., Ltd. Based on the principles of objectivity, standardization, transparency and comprehensiveness, it discloses in detail the practice and achievements of LongShine Technology in practicing sustainable development.

Time Frame

The time frame of this report is from January 1, 2021 to December 31, 2021, with part of its contents trace back to previous years.

Organizational Scope

This report takes LongShine Technology Group Co., Ltd. as the principal part, and further includes its branches, subsidiaries and directly affiliated organizations.

Compilation References

This report is compiled and edited with extensive reference to the Guidelines for the Standardized Operation of Listed Companies of Shenzhen Stock Exchange, the Guidelines for the Disclosure of Environmental, Social Responsibility and Corporate Governance Information of Listed Companies of Shenzhen Stock Exchange (Draft for advice) and the Sustainable Development Report Standards issued by the Global Reporting Initiative (GRI Standards).

Abbreviation description

For ease of expression and reading, LongShine Technology Group Co., Ltd. is also represented by 'LongShine Technology', 'company' and 'we' in this report.

Data Description

All information and data quoted in this report are quoted from the company's official documents, statistical records and financial reports. The content of this report is provided by employees and partners of LongShine Technology. The sole purpose of this report is to disclose the progress of sustainable development management of LongShine Technology, not for commercial purposes.

Report acquisition

E-mail: jiyue@longshine.com

Address: 18F, North Star Times Tower, No.8 Beichen East Road, Chaoyang District, Beijing

Web site: <https://www.longshine.com/>

Chairman's Speech



In September 2020, President Xi Jinping promised the world that “China will strive to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060”. China's 'dual carbon' goal will entail significant economic and social systemic changes. LongShine Technology has persistently focused on the energy and power sector related to national energy security and economic development. It has become the main battlefield of carbon emission reduction.

In the past 20 years, the digital revolution of the communication industry has advanced a tremendous development of its own and at the same time, derived the current consumer internet. The power energy industry is in a similar circumstance to that of the communication industry 20 years ago, undergoing massive changes in digitization. Beginning in 2020, China's energy system will transition from a relatively closed, traditional fossil fuel-based, secure, and unified one-way power grid to a multi-level network-based new power system with an increasing share of renewable energy, openness, and interactive supply-demand, intelligent. In this new energy system, 'the proportion of new energy will gradually increase,' 'energy supply will shift from concentration to distribution,' and 'energy system will become more open and market-oriented, these characteristic developments will turn into strategic trends, and the key element connecting these trends is 'digitization'.

As a digitization company deeply involved in the power energy industry for over 20 years, with its leading energy digitization capabilities and rich experience in energy consumption scenario operation, LongShine has been deeply involved in the digitization transition of the energy industry. We believe that integrating energy and power and digital technology will generate new forms of power and energy, new market operation mechanisms and set the stage for new power load and power consumption scenarios. Taking the electric vehicle aggregation charging service as an example, in 2020, LongShine's Xindiantu

Electricity effectively connected to 0.1 million electric vehicles charging stations and provided services to 0.5 million electric vehicle users. In 2021, the number of charging stations connected to LongShine Xindiantu electric vehicle aggregation charging platform expanded to 0.3 million, serving over 2.1 million car owners, with an eight-fold increase in charging capacity. Meanwhile, it began to explore a new scenario of green travel service which integrates photo-voltaic, energy storage, and charging. It is foreseeable that as electric vehicles become the primary mode of transportation, such a paradigm shift will have a profound effect on the entire energy industry, creating additional market opportunities for LongShine.

Along with the business development, we fully recognize that green and low-carbon are the keys to high-quality economic and social development, prompting us to re-examine corporate social responsibility and release the Environmental, Social and Governance report for the first time. The sustainability of the business is strongly intertwined to the support of partners, governments, employees, and shareholders. In the challenging year of 2021, we overcame the impact of unfavourable factors like the pandemic, created value for partners, protected the rights and interests of employees, provided space for employees' growth, and participated in public welfare undertakings. At the same time, we invested in constructing LongShine Zero Carbon Technology Industrial Park. The company was named one of China's top 500 enterprises in 2021 for its exceptional contributions to charity and public welfare.

Using this report as a guide, LongShine Technology will continue to strengthen its ESG governance, internal corporate governance, and business ethics, firmly establish a defense line of information security and privacy protection, pay attention to talent development needs, place an emphasis on professional talent training, and implement the concept of green development. LongShine will give full play to its advantages of digital technologies in the energy sector, enable low-carbon energy transition, lead a green and low-carbon life. By constructing energy internet scenarios, providing care for vulnerable groups, and practicing social responsibilities, LongShine will diligently contribute to the sustainable development of society.

LongShine Technology is at the crossroad of energy revolution and the digital revolution. Digitization makes the digital world a better place, enables energy consumption to be greener, more convenient and more efficient is not only a generational opportunity, but also a mandatory mission. LongShine Technology will seize the great opportunity of 'double carbon,' joining hands with partners to help achieve the 'double carbon' goal and create extraordinary value for partners, government, employees, and shareholders with the steady operation and sustainable development, and excellent service. LongShine will firmly stand at the forefront of the new era of 'energy revolution + digital revolution'!

Chairman:

March 2022



01



About LongShine Technology

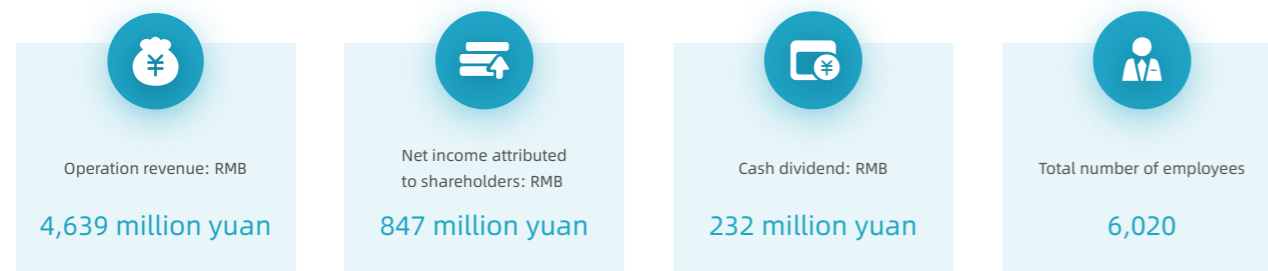
LongShine Technology invariably adheres to the corporate mission of digitization enables energy consumption greener, more convenient and more efficient. While having cultivated in power and energy digitization and achieved excellent business performance, the company stands firmly in supporting sustainable development, actively communicates with all stakeholders, and has contributes to the carbon neutralization development by leveraging its industry advantages in digitized energy industry and rich scenario operation experience.

Company Profile

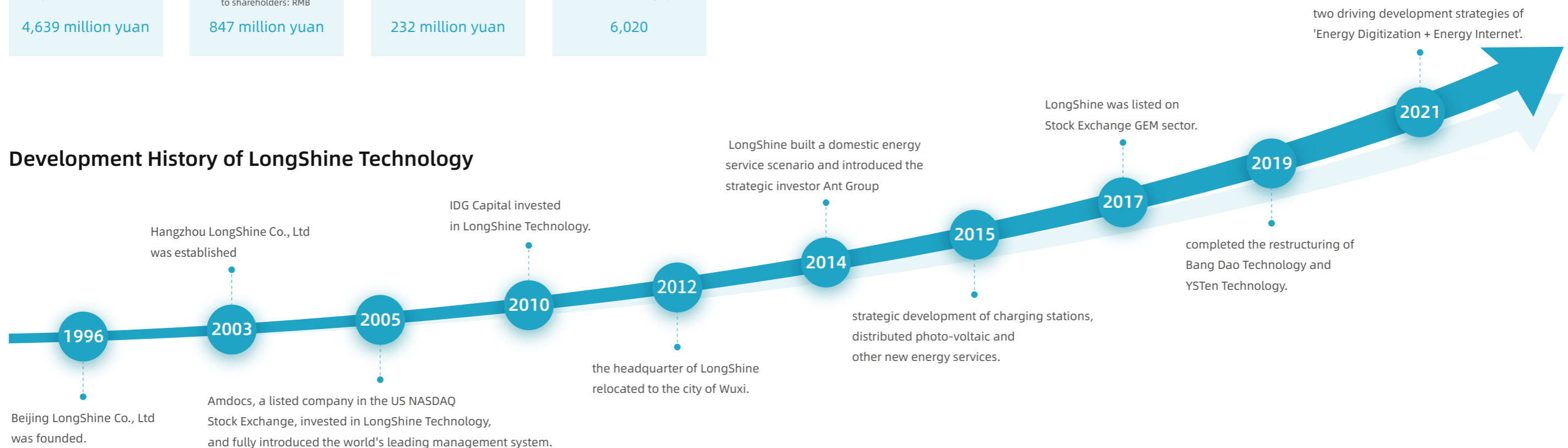
Founded in 1996, LongShine Technology Group Co., Ltd. has been focusing on providing power and energy consumption services. The business model of Business to Business to Customer (B2B2C) focuses on the two driving development strategies of 'Energy Digitization + Energy Internet.' LongShine Technology (300682 SHE) was listed on the Shenzhen Stock Exchange in August 2017.

Since 2012, with city of Wuxi as its headquarters, LongShine technology has set up 8 R&D centers in various regions, with business and branches in 31 provinces and regions. It now has more than 6,000 employees. LongShine Technology has continuously provided digital technology and operation services for over 12,000 government and enterprise customers and over 350 million household users in China.

Performance Indicators in 2021



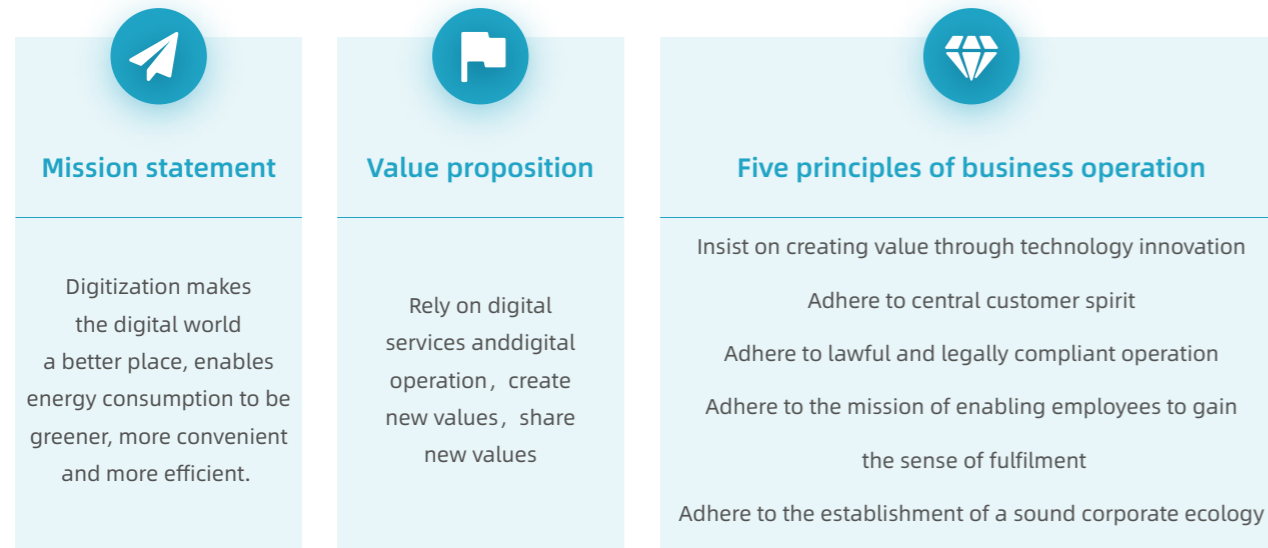
Development History of LongShine Technology



Calendar Year Honor

- 2021 Leading Enterprise in Digital Ecology Smart Energy Sector
- 2021 Top 500 Chinese Enterprises on Charity
- Enlisted as one of the top 100 Software Enterprises by The Ministry of Industry and Information Technology in 2021
- 2021 Top 100 Competitive Enterprises in Software and Information Technology Service Sector
- Top ten leading enterprises in China's software and information service industry in 2021
- China's leading digitization energy application enterprise in 2021

Corporate Culture



朗新
LongShine

【朗新】，语出《淮南子》“日开天霁，朗而新之”其意是描绘宇宙形成、天地初开时一派清新、隽朗的天气。朗新科技以龙的精神，不断突破，勇于创新，聚力数字化，创造新价值，让数字化的世界更美好。

Main Business

LongShine Technology is a leading technology enterprise in the energy industry, providing power and energy consumption services. It focuses on the double development strategies of "energy digitization + energy Internet" with a B2B2C business model; something deeply rooted in the company is the energy industry. On the one hand, it has established a complete solution system assisting customers like State Grid, China Southern Power Grid, Gas Group, and Photo-Voltaic Power Station in achieving digital upgrading. It optimized its Mid-End (service and resource allocation platform) capacity, and its platform products aided in the market-driven development of new power systems and the innovation and upgrading of energy industry services. On the other hand, the company aims to accomplish the electrification transition and develop a scenario of terminal energy consumption. It will provide new platforms for end-users to access various energy services, including household energy consumption, electric vehicle charging, and energy efficiency management, through Alipay, UnionPay, and City Super Application portals. The company is developing a new energy internet service platform to manage the energy demand associated with sector service and collaborate with strategic partners so as to realize the digitization of energy sector.



Sustainable Development Management

Based on our mission, Digitization makes the digital world a better place, enables energy consumption to be greener, more convenient and more efficient, we actively provide economic, social, and environmental values for customers, employees, investors, partners, and other stakeholders through our efforts allowing everyone to be benefited from the development. Establishing a sustainable development management system improves the management level and the company's performance in terms of environment, society, and corporate governance. In 2021, we established a sustainable development management system led by the Board of Directors, guided by the ESG working unit, and implemented by relevant functional departments. The Board of Directors is responsible for the overall corporate strategic planning upon achieving sustainable development, supervising and guiding the formulation and implementation of ESG objectives, and coordinating the management of ESG affairs.



Stakeholders Communication

Enhancing the communication and participation of stakeholders is a crucial part of realizing sustainable development. We pay close attention to stakeholder demands and communicate with them via a variety of channels. According to the company's characteristics and development and industry trends, we identify and actively establish a communication mechanism with internal and external stakeholders, listen to their suggestions, and respond promptly. We pay visits to shareholders in mainland China and abroad, organize performance symposiums, and actively participate in relevant investment conferences.

The company provides direct communication channels for local stakeholders to listen to their suggestions. We highly value the concerns and suggestions of all relevant parties and will respond and handle them promptly and properly. Any stakeholders related to the company's local business and development can send an email directly to jiyue@longshine.com to contact us for company affairs.

Stakeholders	Issues of concerns	Response channel	Communication effectiveness
Government and supervising institutions	Lawful operation Pay taxes according to law Increase employment opportunities Promote sustainable and healthy economic development	Daily report and communication Special research and on-site meeting Forum and exchange project	Strategic cooperation with local governments Create a good external environment for corporate development
Shareholders and investors	Satisfactory return on investment Good market value	Annual report and announcement Road show Investor conference Shareholders meeting	Establish good relationship with investors Improve investor trust Obtain support from shareholders and investors in major decisions
Customers	Stable product supply High quality and safe products Considerate and convenient service Smooth communication channels	Customer Symposium Telephone service hot-line Customer satisfaction survey	Continuously improve the business according to customer feedback Customers' demands are effectively and timely solved The level of customer service has been continuously improved
Business partner	Fair procurement Honesty and mutual benefit Long term stable cooperation	Supplier conference Strategic cooperation	Strengthen supplier management and improve supply chain efficiency Drive the common development with partners
Staff	Complete protection of rights and interests Career development platform Work life balance Occupational health	Staff congress Complaint mailbox	Communication and interaction between employees Clear career development path Create a harmonious working environment Build a healthy and safe working environment
Communities and NGOs	Community development Build a harmonious community	Community publicity Participation in public welfare activities	Establish good community relations Create a good external environment for corporate development
Media	Financial performance Corporate governance Information disclosure	Annual report and announcement Press conference Press releases and publications Media interview	Establish good relationship with the media Maintain the company's image and obtain public recognition
Environment	Practice energy conservation and emission reduction Practice green operation Develop environmentally friendly products	Annual report and announcement Public survey of project and environmental impact Environmental protection organization communication	Practice energy conservation and emission reduction plan Launch environmental protection products

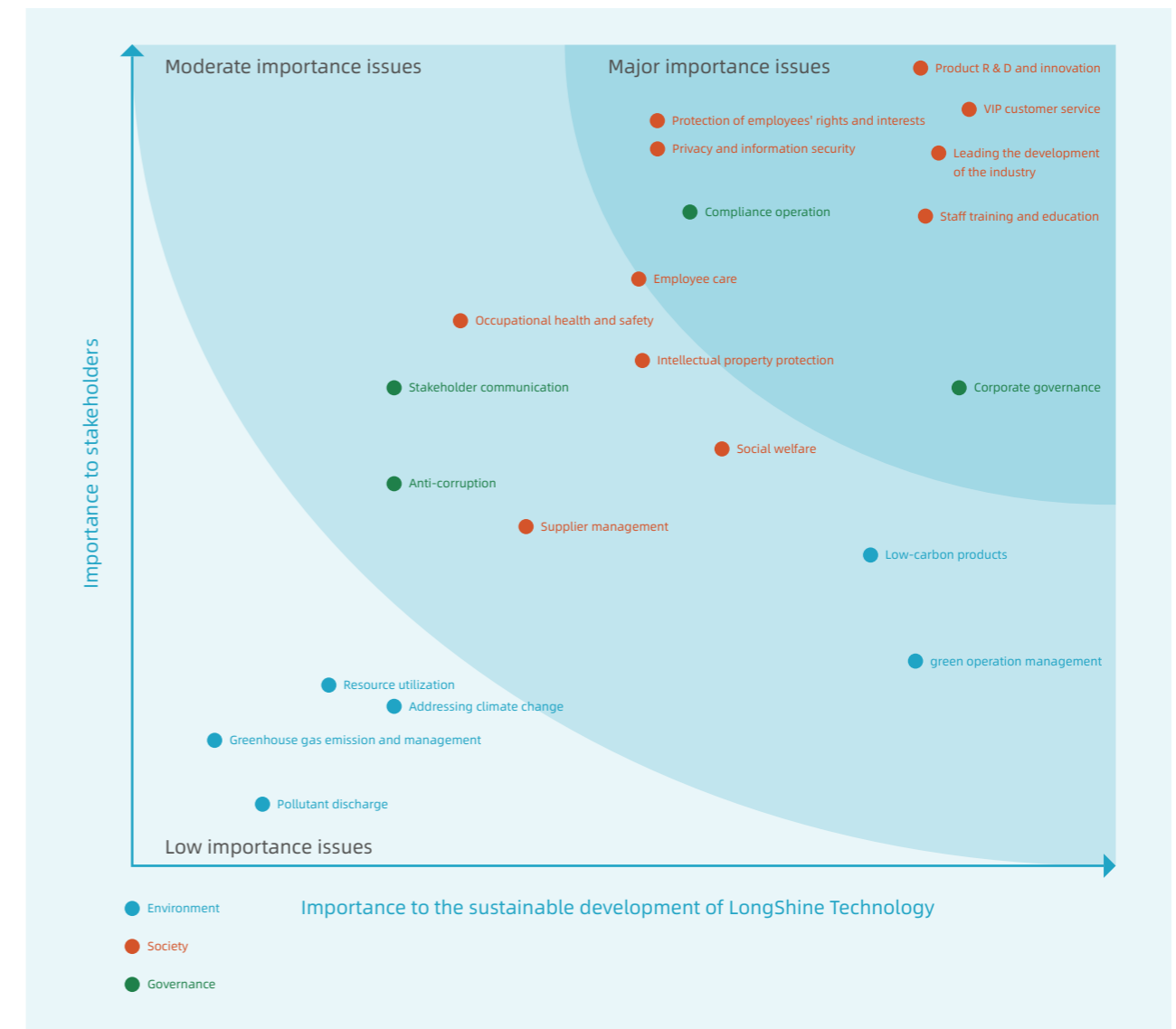
Sustainable Development Management

Judgment on Major Issues

Regarding the requirements on social responsibility in The Guidelines for The Standardized Operation of Listed Companies on the Shenzhen Stock Exchange, LongShine Technology understands stakeholders' concerns, expectations, and demands for the company's sustainable development through various ways. We fully understand the degree of concern of stakeholders and identify critical issues. We recognize and screen the sustainable development issues related to LongShine Technology through the suggestions of the company's management, peer-to-peer benchmarking research domestically and abroad, media information analysis, and on-site research.



We use an anonymous online questionnaire to select prioritized topics so to understand the importance of sustainable development issues to internal and external stakeholders. Through the analysis and calculation of the questionnaire data, the disclosure degree and the boundary of the topic are finally determined. Based on these, the analysis matrix of the critical topics on sustainable development of LongShine technology is drawn.



Matrix of significant issues concerning ESG of LongShine Technology in 2021

02



Develop Digital Technology and Lead A Low-Carbon Future

The 'double carbon' strategy promotes the sustainable development of government administration, corporate production, and people's lifestyle. LongShine Technology is a leading technology enterprise in the power and energy industry, focuses on the dual-wheel-drive strategy of 'energy digitization + energy Internet', and continues to concentrate on digital transition and upgrading of the energy industry as well as service operation of the energy internet platform. The company is at the intersection of 'energy revolution + digital revolution'. Digitization makes the digital world a better place, enables energy consumption to be greener, more convenient and more efficient, which is not only an opportunity of the era, but also our indispensable mission.

Enable Low-Carbon Energy Transition

LongShine Technology focuses on the power and energy industry, deeply participates in digital transformation and the construction of new power systems, complies with the market-oriented development trend, helps customers in the power and energy industry reduce costs and increase efficiency internally, expand innovation externally, and improve energy utilization efficiency and energy service quality.

Assisting energy enterprises to realize the digital management of energy in the entire industrial chain is the key to the realization of the dual carbon path of energy by LongShine Technology. The goal of 'double carbon' promotes the continuous deepening of the digital transformation of the energy industry. While supporting the pilot implementation of the new core system of power consumption services of the State Grid, the company has also become the main partner of power and energy customers in the fields of new grid digital infrastructure and energy service operation. LongShine has established energy big data centers with several provincial energy enterprises, developed various data products such as power index and carbon emission index, provided energy big data support services for governmental pandemic prevention and control, resumption of work and factory production, industrial support as well as carbon emission monitoring. With the promotion of electricity price reform and the formation of a unified national power market, the company has developed a variety of products such as market-oriented energy sales and electricity load forecasting, which have been successfully applied to grid enterprises in many provinces and cities.

Case

Construction of digital and smart power supply stations

LongShine Technology cooperates with State Grid Zhejiang Electric Power company to support Rural Revitalization, and helps Zhejiang Electric Power company to build a digitized smart power supply station platform with 'management collaborative integration, business worksheets driving, personnel all-round efficiency and smart operation', realize the business model of 'one platform and one terminal' of power supply station, and significantly improve the management of worksheets, worksheets digitization and digital performance.



Case

Smart green energy cloud

The 'Smart Green Energy Cloud' of Hebei Provincial Energy Big Data Centre jointly built by State Grid Hebei Electric Power Company and LongShine Technology Group is an exploration of the digital transition in power industry, which provides essential digital support for the construction of new power systems and the development of digital economy in Hebei province. As the technical platform and operation service portal of Hebei Energy Big Data Centre, Smart Green Energy Cloud breaks the industry information barrier, gathers energy data on electricity, oil, gas, and water, and data in meteorology, transportation, finance, and other fields. The platform holds a 'green energy development map' that monitors carbon emission, a function to monitor industry development, water resource conservation and air pollution prevention, standardized power credit products, and other functions. The system provides agile and open data analysis and sharing services for government departments, financial institutions, energy-consuming enterprises, and ecological partners. Smart Green Energy Cloud successfully collects internal and external data, builds the interactive channel between data and services through the digital ecological model of 'platform+product+operation,' and fulfills the integrated entire chain management model and control of energy big data based on ensuring data security. The platform gives full play to the advantages of various resources and power data as a 'barometer,' establishes a high-value energy big data ecosystem, uses data to reflect economic development and industry dynamics, assists the government in scientific decision-making, helps enterprises to save energy and reduce consumption, promotes the transition and upgrading of the energy industry and ensures the improvement of people's livelihood.



Enable Low-Carbon Energy Transition

Case

LongShine technology assists Guizhou power grid company to build a 'measurement automation system.'

LongShine Technology assists Guizhou Power Grid Co., Ltd. in developing the 'Smart Brain' of the power grid and assists the power grid to fulfill the automatic metering system.

- **Intelligent meter reading:** it has the functions of centralized automatic meter reading, accounting, and distribution, resolves the problems of time-consuming, laborious, and inaccurate manual meter reading, and reaches intelligent management of electricity bill reading.
- **Intelligent management:** it focuses on electric energy data acquisition and application and has the functions of metering device monitoring, metering operation and maintenance management, centralized management of electric energy data, etc. The abnormal analysis and management of line loss by different region, voltage level, line, and station area can timely update the power grid fault and effectively improve the power supply service capacity and line loss quality control.

In addition, based on the measurement automation system, LongShine Technology fully excavates the application value of electric energy data and provides intelligent services for the government and enterprises. By building a big data analysis model, the company provides data support for government monitoring and power consumption statistics in high energy consumption, finance, construction, and other industries. In enterprise production management, the metering automation system can accurately locate the weaknesses of the power supply, such as 'low voltage' and 'bottleneck,' shorten the time required for judgment on power failure and improve the energy production efficiency of enterprises.

As of December 31, 2021, the system has supported more than 0.56 million metering terminals in Guizhou, with about 18 million users. The average automatic meter reading rate is as high as 99.8%, avoiding the waste of resources caused by power waste, and continuously promoting the digital transition and upgrading in the power industry to achieve green and low-carbon development.

Industry Awards

As a leading digital energy technology and operation service provider in China, LongShine Technology actively participated in industry forums to exchange and discuss technology innovation and development transition of the energy industry. In 2021, the company was invited to participate in the National Energy Inter-Net Conference. During the meeting, the company's representatives shared innovative applications and classic cases on energy digitization, integrated energy services, and distributed photovoltaic cloud, and was recognized as the Excellent Partner of the National Energy Inter-Net Industry and Technology Innovation Alliance in 2020-2021.



LongShine joined the Award Ceremony of National Energy Internet Conference



Lead a Convenient Low-Carbon Life

By building its own energy internet service platform, LongShine Technology connects clean energy and consumption scenarios, improves new energy efficiency, provides end energy users with new scenarios of energy services, including household energy consumption, electric vehicle charging, smart energy conservation and so on, and reduces carbon emissions from daily life and industrial production.

Household Energy Consumption



With the product mission of 'let everyone enjoy convenient services' and 'let every family practice energy conservation', Bang Dao Technology has developed an online payment platform, provided a number of convenient payment services, and realized the online utility bill payment service, including water, electricity, gas, property service fee and television broadband fee.



Online Utility Payment Portal

Payment function

- interconnect with Alipay, Unionpay, Bank APP, City Super APP and other open payment platform, provide the vast amount of users with convenient payment portal and payment channel.

Auto-payment function

- provide auto-payment function to solve problems such as in the situation of water and power supply being stopped due to users forgetting to pay, and it also helps users to avoid delayed payment fees.

Operational activities

- attract users to pay online by means of payment with cost reduction.

Meanwhile, we have been continuously making efforts to improve the connection coverage with various public service institutions, such as those supplying water, gas and heat. These providers are relatively scattered, and the coverage of intelligent billing meter is low, and still in the stage of rapid development. We connect these utility institutions by providing SAAS and other services, in order to enable more users to enjoy convenient online payment and contribute to realizing a low-carbon life.

Case

Bang Dao Technology helps Inner Mongolia to realize online payment

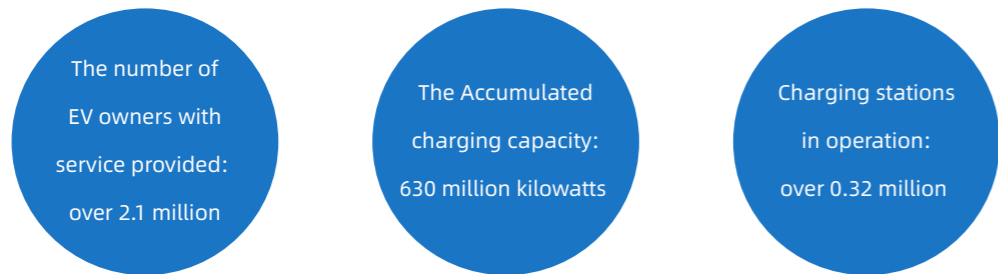
Improving the payment service project is one of the important livelihood projects in Inner Mongolia. In view of the weak information infrastructure of thermal energy enterprises located in Inner Mongolia, Bang Dao Technology provides thermal energy institutions with a digital customer service cloud (SAAS) platform, which realizes the integrated management of the whole process of thermal energy business while inter-connecting its functionalities with the open payment platform.

- It can inter-connect with Alipay, WeChat, UnionPay, Bank APP, City Super APP and other open payment platform, with users being able to pay online.
- It provides a modular service system. The utilities can select the entire business service module according to its own business attributes. The modular system realizes the entire process and integrated service functions such as customer management, meter-reading management, billing management, charging management and business analysis, and improve the digital function of online payment service.

As of December 31, 2021, Bang Dao Technology has provided high-quality and convenient revenue management system for 24 thermal enterprises in 12 municipal level administrative regions of Inner Mongolia Autonomous Region, covering approximately 0.5 million users.

Lead a Convenient Low-Carbon Life

Xindiantu



On the road to achieving the dual carbon goal, electric vehicles play an essential role in the energy transition process in the transportation sector. To improve the driving experience of electric vehicle users, LongShine Technology has directly hit the critical point of 'charging difficulty' within the electric vehicle's industry chain. The company has independently developed the aggregated energy-charging service platform, integrated upstream and down-stream sectors of EV industry, including leading engine manufacturers, charging operators, vehicle service companies, and so on, built a newly aggregated energy-charging business that served operators and EV owners, eventually making the operation more efficient and making energy-charging services easier to access.



Charging portal of Xindiantu

LongShine Technology's Xindiantu connects with Alipay, AutoNavi Map application, and other super traffic portals, breaks the technical barriers between different charging stations, establishes a fast charging platform with a single scan by mobile application. The platform prevents users from repeatedly downloading charging mobile applications of various brands. It also dramatically improves the charging experience of car owners provides exemplary management, quality service, and brand operation for charging station operators. Convenient and straightforward energy-charging services stimulate the new development of electric vehicles and enhance the transition towards a low-carbon life.



Industry Award

In 2021, the 7th China International Electric Vehicle Charging and Replacement Industry Conference (BRICS Energy-Charging Forum) was grandly held in Shanghai Automobile Exhibition Center. Relying on the innovation and breakthrough of aggregation charging service, Xindiantu system won the highly valued award Unicorn of China's Charging and Replacement Industry in 2021.



Lead a Convenient Low-Carbon Life

Distributed Photo-Voltaic Cloud Platform

Case

Distributed photovoltaic cloud platform

The company's Xinyao PV Cloud Platform is supported by Energy Internet of Things technologies to escort more efficient power generation of many distributed photovoltaic power stations. Through comprehensive monitoring, intelligent alarm, AI deficit diagnosis, big data analysis, refined operation and maintenance, and other core capabilities, the platform improves the power generation efficiency of the power station by digital and intelligent means. It further reaches the low-cost operation and management goal of 'unattended and few people on duty, and eventually maximizes the outcome of the photovoltaic power station. This platform has effectively contributed to the low-carbon and green development of society. More than 15,000 photovoltaic power stations have been connected, with an installed capacity of nearly 10GW, which adds up to 16.406 billion kWh of green power generation, and a total reduction of 17.817 million tons of carbon dioxide emissions.



Smart Energy Saving

LongShine Technology is committed to enabling enterprises with digital technology to assist enterprises in managing daily energy consumption. The company creates an integrated energy big data platform for energy enterprises, gathering internal business data, customer IoT data, products, and other data so that enterprises can better understand its energy use during daily operation, improve energy use efficiency, and achieve sustainable development. At the same time, LongShine technology builds a smart green energy platform, integrates various energy data service ecological units, provides enterprises with comprehensive energy management and operation services, ranging from energy efficiency management, market-oriented power sales, to smart electricity and charging operation. It aims to eventually help enterprises use energy scientifically, improve energy efficiency and achieve low-carbon operations.

Case

Longshine helps Suzhou Shishan Plaza to launch building smart energy (BSE) system

Longshine deploys BSE system for Shishan Plaza in Suzhou city. It successfully achieves real-time monitoring of terminal fan coil unit, fresh air system, air treatment system, and other equipment and facilities by installing sensors, artificial intelligence algorithms, and a digital platform. By calculating the operation data, the digital platform can accurately analyze the actual energy demand and automatically send instructions to the host, energy consumption terminal, and cold storage system to adjust the temperature, flow, air volume, etc. While ensuring the safety of energy use in venues, it puts an end to the waste of energy consumption such as 'super-cooling' and 'over-heating'. Through this system, the annual carbon emission of Shishan square in Suzhou city is reduced by 5,000 tons.



03



Pursue Excellent Management and Promote Sustainable Development

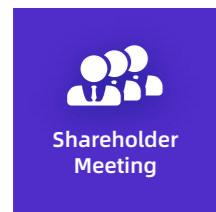
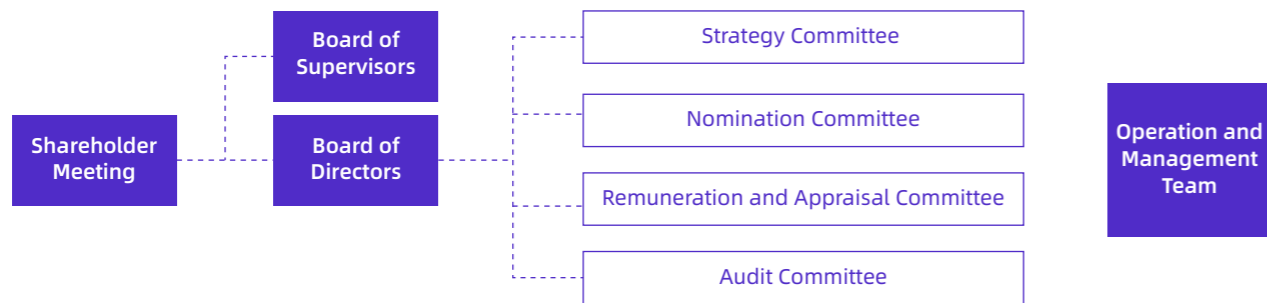
LongShine Technology strictly abides by laws and regulations, improves its established management system, standardizes its internal governance structure, optimizes the risk control mechanism, ensures the company's compliance, safe and efficient operation from the aspects of company structure, information security, product quality, and supplier management to lay a solid foundation for the company's sustainable development with excellent management capacity.

Adhere to Compliance and Efficient Management

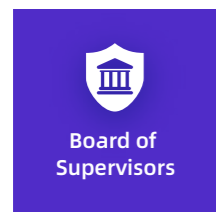
LongShine Technology is committed to building an efficient and suitable corporate governance structure, in strict accordance with the requirements of relevant laws, regulations and normative decisions such as the Company Law of The People's Republic of China, the Securities Law of The People's Republic of China, the Listing Rules of Shenzhen Stock Exchange, the Guidelines for the Shenzhen Stock Exchange Regulatory Guidelines for Listed Companies No. 2 - Standardized Operation of GEM Listed Companies, etc. The company continuously improves its corporate governance mechanism and optimize its internal management system to safeguard its standardized operation.

Corporate Governance

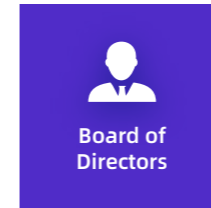
In accordance with the requirements of laws, regulations, and normative guidelines issued by China Securities Regulatory Commission and Shenzhen Stock Exchange, LongShine Technology has established the legal operational structure of shareholder meetings, the Board of Directors and the Board of Supervisors and senior management and handled the relationship with the controlling shareholders, standardized and improved the level of corporate governance.



Shareholder meeting represents the highest decision-making authority of the company. In accordance with the requirements of the Company Law, the Securities Law and other legal regulations, as well as the Articles of Association and the Rules of Procedure of Shareholders Meeting, the company standardized the convening procedures for shareholder meetings, recruited lawyers to provide legal advice on the legitimacy of shareholder meetings. All shareholders are treated equally, ensuring all shareholders, especially small and medium-sized shareholders, have equal status and hold legitimate rights and interests. During the reporting period, the company had 3 shareholder meetings.



The company's Board of Supervisors consists of three supervisors, including one employee representative supervisor (female). In strict accordance with the provisions and requirements of laws, regulations and normative documents such as the company law, the securities law, as well as the Articles of Association, the Rules of Procedure of the Board of Supervisors and other relevant laws and regulations, perform their duties diligently and independently, and monitor the company's legal operation, production and management to ensure the company's standardized operation. During the reporting period, the company has hold 9 Board of Supervisors' meetings.



The company's Board of Directors consists of eight directors (including one female director), within which three are independent directors. The members of the Board of Directors have in-depth industrial background, professional financial audit experience or rich corporate management experience. The Board of Directors earnestly performs various duties entrusted to the Board of Directors by the company and shareholders in strict accordance with the provisions of the Company Law, the Securities Law, the Shenzhen Stock Exchange Regulatory Guidelines for Listed Companies No. 2 - Standardized Operation of GEM Listed Companies and other laws and regulations, as well as the Articles of Association, Rules of Procedure of The Board of Directors and other rules and regulations. It implements the resolutions adopted by the general meeting of shareholders and carry out various work diligently to ensure the rapid, healthy and sustainable development of the company. The Board of Directors has a Strategy Committee, a Remuneration and Appraisal Committee, a Nomination Committee and an Audit Committee. Each committee carries out its work on the development of the company according to their respective responsibilities, and provides opinions and suggestions for the decision-making of the board. During the reporting period, the company has hold 17 general meetings of the Board of Directors.

- The Strategy Committee consists of three directors, including one independent director.**

This committee is responsible for conducting researches and making suggestions on the company's long-term development strategies and major investment decisions.
- The Nomination Committee consists of three directors, including two independent directors.**

This committee nominates senior managers according to the company's strategic planning, and puts forward suitable suggestions on the structural system and process for appointing and removal of directors and senior managers.
- The Remuneration and Appraisal Committee consists of three directors, including two independent directors.**

This committee reviews the annual performance and salary payment of directors and senior managers, participates in the formulation of annual salary evaluation and performance standards, and formulates equity incentive plans.
- The Audit Committee consists of three directors, including two independent directors.**

This committee is mainly responsible for guiding and supervising the company's internal audit system as well as the implementation, supervising and evaluating work carried out by external audit team.



Adhere to Compliance and Efficient Management

Investors' Rights and Interests

LongShine Technology is focusing on protecting investors' rights and interests and sharing its value with investors through fair, timely, and complete company information disclosure, continuous and stable cash dividend policy, active and equal investor relationship management, and other methods.

Investor Communication

Enhance investors' understanding of the company's status, actively listen to market suggestions and opinions, and respond to investors' suggestions, the company actively builds communication channels with investors, maintains interaction and communication with investors and potential investors in various ways, including regular updates on its status through regular performance summits and road-shows and attending analyst meetings. The company guarantees that all investors are treated fairly, particularly in maintaining smooth communication and protecting the rights and interests of small and medium-sized shareholders, setting up communication channels such as investor email, telephone hotline, and official website column, hosting timely Q&A and online annual performance briefing. In 2021, the company received 10 investigations and held 1 performance presentation meeting, communicated with the market right after the performance announcement, published the record of investor activities, to ensure that all investors can fairly and timely understand the business development of the company.

Shareholders' Return

The opinions of shareholders (especially small and medium-sized shareholders), independent directors, and supervisors must be considered while drafting the company's shareholder return plan. The company's profit distribution policy should maintain its continuity and stability, considering the long-term interests of the company, the overall interests of all shareholders, and the sustainable development of the company, and prioritize cash dividend profit distribution. Since its IPO in 2017, the company has paid out four consecutive cash dividends, totaling RMB 246 million.

Internal Controls

In accordance with the Company Law of the People's Republic of China, the Securities Law of the people's Republic of China, the Basic Regulations of Enterprise's Internal Control, and other relevant rules, laws, and regulations, and in combination with the actual circumstances and management needs of the company, LongShine Technology has developed a suitable internal control system to standardize operation, management, and control risks and ensure the daily operation of the company's business activities.

To optimize internal risk control, accelerate the digitization of the enterprise's internal operation, the company continued to deepen and improve internal information system in 2021 to control online risk on the business, legal and financial levels. The company's internal control system facilitates information exchange across all departments, strengthens internal coordination and collaboration, and streamlines the company's management process. In addition, the company regularly monitors the implementation of relevant systems and publishes its annual Internal Control Evaluation Report to ensure that the company has no major deficits.

Anti-corruption

LongShine Technology strictly abides by relevant laws and regulations such as the Supervision Law of The People's Republic of China, the Provisions of the National Audit Office on Internal Audit, the Governance Standards of Listed Companies, the Listing Rules of Shenzhen Stock Exchange, the Guidelines for The Standardized Operation of Listed Companies of Shenzhen Stock Exchange, and strengthens the all-round supervision system to ensure the integrity and efficiency of the company's operation. The company has also established rules and regulations such as the Anti-Commercial Bribery Regulation in 2016, and implement a series of specific measures to ensure the honest operation of enterprises.



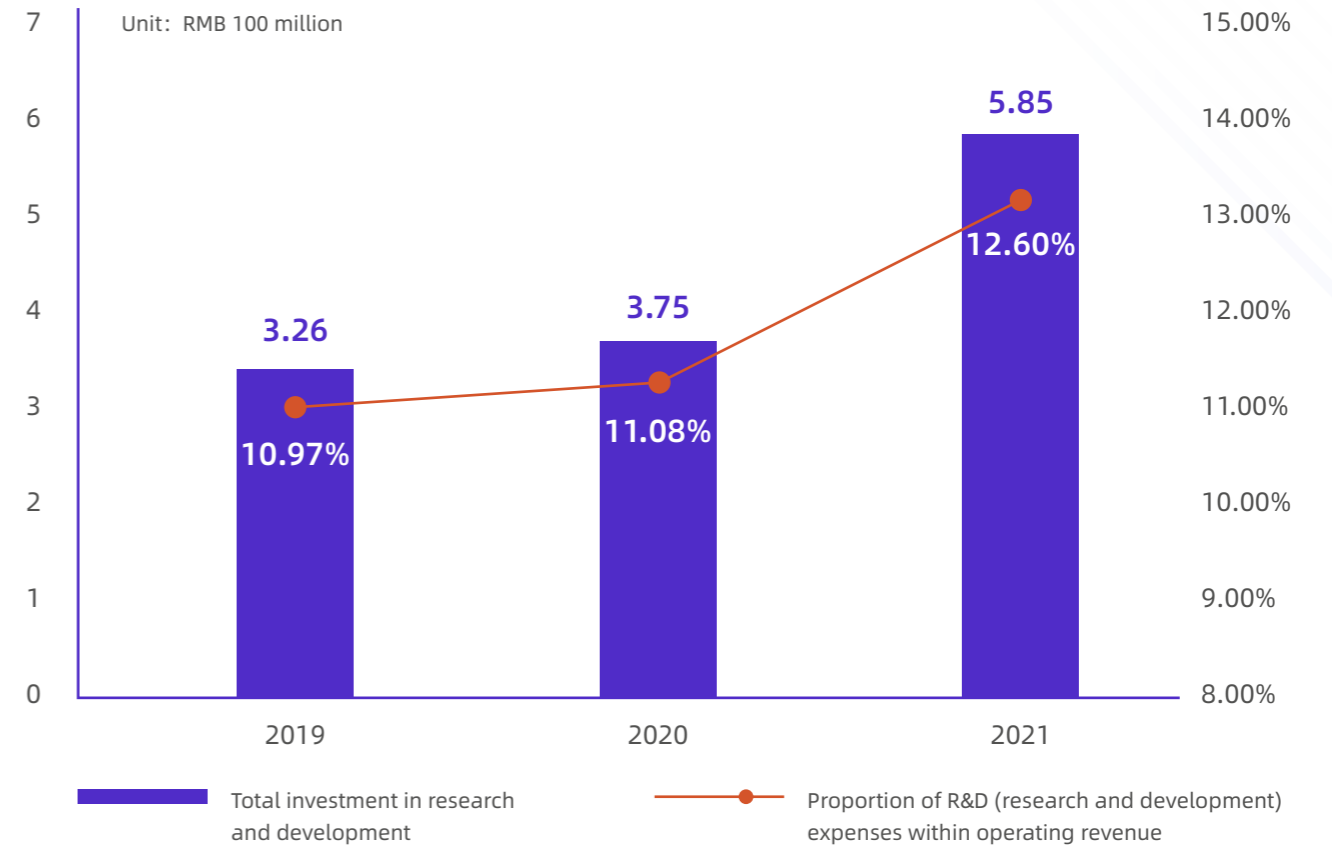
Innovative Product Quality Management

LongShine Technology pursues excellent product quality, improves the quality management system, establishes product life cycle management process, encourages technological innovation and intellectual property management, and provides users with efficient, safe, and stable products and services based on the outstanding technical advantages of the company.

As of December 31, 2021, LongShine Technology has acquired CMMIL5, CS4, ITSS2 certification and ISO9001 quality management system certification, and many of its subsidiaries have also acquired CMMIL, CS, ITSS certification and ISO9001 certification respectively.

Research, Development and Innovation

One of LongShine Technology's core competitive advantages has always been its superior technology application capacity. Therefore, the company continues to invest heavily in R&D. This year, LongShine Group continues to invest in the R&S of new technology applications, upgrading of technology platforms, development platforms upgrades, and the R&D of utility software products, modules, and components. At the same time, the group increased its R&D investment in cloud computing, big data, Internet of Things, artificial intelligence, and various other new technology applications, platforms, and tools to support the development of innovative business. It has conducted research and development on multiple industry application platforms and products for the innovative business. The overall R&D progress is on track, ensuring that the group maintains a leadership position in industry technology, and greatly contributes to the rapid expansion of its innovative business.

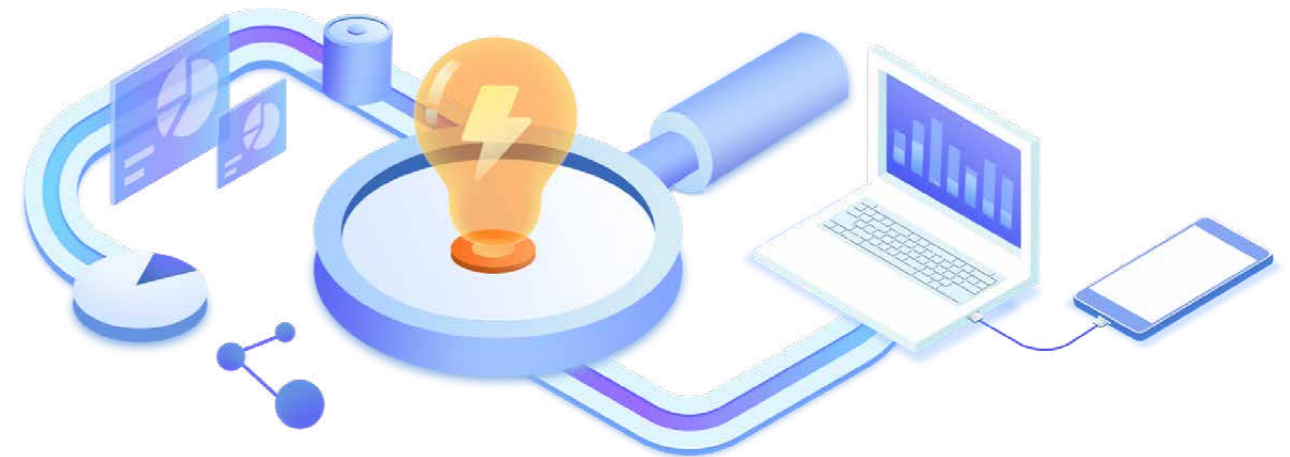


Research and Development System

In 2011, the company introduced the industry's advanced product development concept and management IPD system (Integrated Product Development). It successfully acquired the information security service certification based on SDL (Security Development Life-Cycle) in 2014 and the CMMI L5 certification (Software Capability Maturity Model Integration) in 2017. After years of practices, the company has established a mature integrated product R&D management system integrating IPD+CMMI+SDL and the corresponding project management process.

Research and Development Team

Talents are the essential driving force for corporate development. We have put together a high-quality research team. The company has 3,465 R&D personnel, counts for 57.56% of the total number of the company. The company has set up research institutes and technology R&D centers to conduct forward-looking and basic research. It has established a number of business development departments to conduct product research and development in various application sectors and has established an excellent quality supervision system that includes safety and quality management systems. In the field of energy digitization, there are more than 100 industry leaders with over 20 years of industry experience and more than 600 senior experts with over 10 years of industry experience. The research covers various high-tech sectors such as Internet of Things, cloud computing, big data, and block-chain.



Innovative Product Quality Management

Intellectual Property Right

Adhering to the management policy of "technological innovation drives development and intellectual property protection", LongShine Technology develops the "taking defense as the attack" intellectual property management strategy in combination with its own development, aiming to strengthen the transition of the company's innovation capacity and improving the company's core competitiveness. To standardize the intellectual property management of LongShine Technology, the company has issued the Intellectual Property Management System and Intellectual Property Reward System, developed an intellectual property management system covering legal affairs, finance, manpower, sales, R&D, IT, procurement, quality, and various other departments, and received the Intellectual Property Management System Certification in 2021.

The company values its core technology highly. It places a strong emphasis on patent applications, formulates patent application objectives, sets up annual intellectual property planning, regularly tracks and reviews, and manages its intellectual property. At the same time, to improve its intellectual property management capacity, LongShine Technology provides regular intellectual property training to drive innovation and development.

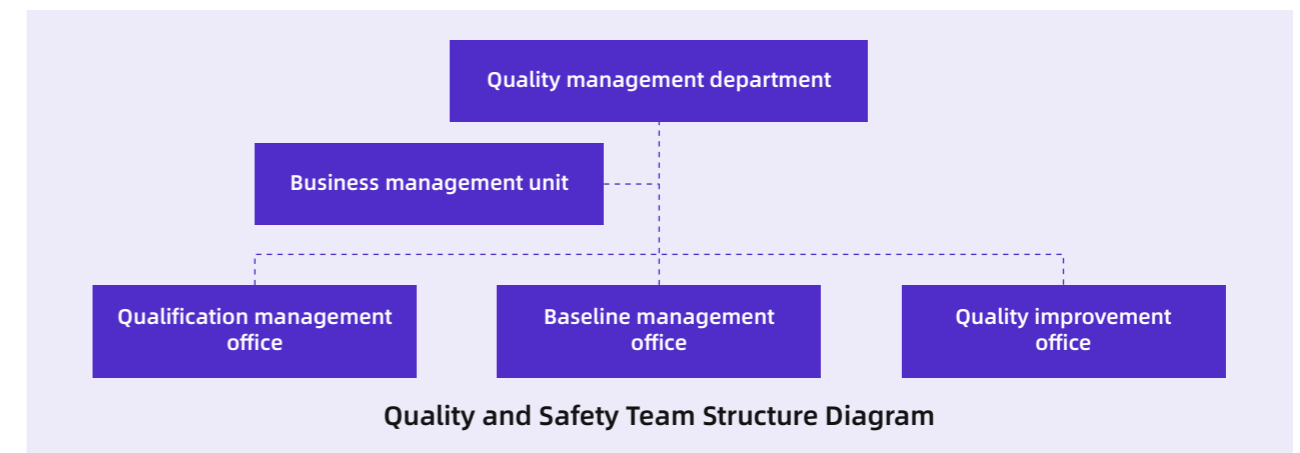
The company actively encourages its employees to invent and innovate. Based on the various type of patent applications, the company establishes an inventor reward structure to promote the output of intellectual property.

Quantitative data

Quantitative index	Unit	Data in 2021
Number of patents applied	set	313
Number of major patents	set	196
Number of authorized patents	set	122
Number of licensed copyrights	set	880
Number of trademarks	set	348

Quality Management

To enforce the company's quality management measures, standardize quality management processes, clarify the functional responsibilities of all parties and improve product quality control capacity, LongShine Technology developed a series of management systems, such as the Full Process Management Measures of Construction Projects, the Management Measures of Key Construction Projects, the Management Measures of Operational Project Delivery and Maintenance, and the Management Measures of Consulting Projects. The company has established an advanced quality management team with exquisite technology, rich experience, unity, and cooperation, and set up a quality management department to coordinate and organize relevant work. The business management unit is responsible for drafting specific work planning and is consisted of a quality improvement department, a qualification management department, and a baseline management department to effectively support the sustainable, efficient and rapid development of the company's basic and innovative businesses, and thus enhance the level of organizational quality management capacity.



The company improves the project management specifications, implements the quality monitoring of the entire life cycle for the project, which include processes such as construction, delivery, operation and maintenance, consultation and operation cash management, and takes management measures over risk control, progress monitoring and process optimization around the stages of project delivery and implementation. In 2021, the quality control pilot program included a total of 221 construction projects, 26 operation and maintenance projects, and 10 consultancy projects. The leakage rate of product development defects was reduced by 4.8% and the discovery rate of internal test defects was increased by 6.2%.

To further deepen the quality assurance and improvement work, the company has arranged multiple product quality training and project review activities, strengthened employee quality and safety awareness, and summarized and shared its experience of key projects. In 2021, LongShine Technology arranged two quality improvement exchange training activities with its subsidiaries, eight training on improvement methods and specifications with the network provincial center and business departments, and organized the business and technology departments to carry out 34 resumption work.

Innovative Product Quality Management

Case Study

Create high-quality products, innovative units and carry out quality system training

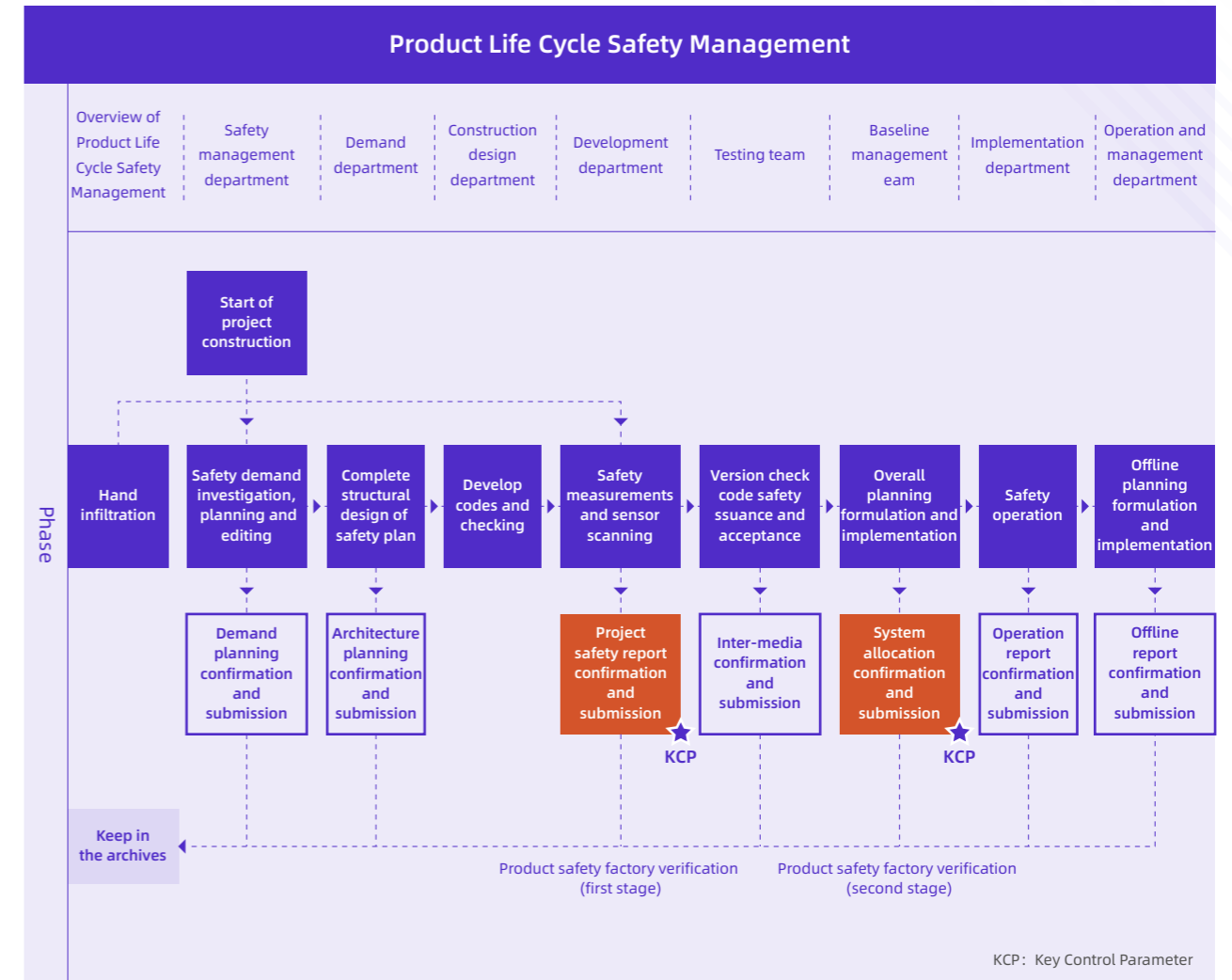
On May 29, 2021, the innovation business unit of the company invited the quality management department to hold a knowledge sharing event of LongShine quality system, which was attended by the principals and business backbones of six subsidiaries, including Bangdao Technology, ChangLife, HanClouds and Hango Technology. The training is carried out in the form of 'classroom teaching + case analysis', involving quality management norms, quality improvement methods, measurement and tool kits utility, rapid functional point estimation, version management, DevOps and Archimedes platform. Through comprehensive discussion, each innovation unit has an in-depth understanding of the company's quality system, with the aim to further improve the product capability as well as to enhance the market competitiveness of the company.



LongShine Technology quality system training

LongShine Technology attaches importance to the development of a product safety system. It has issued relevant product safety systems such as Product Life Cycle Safety Management, Third-Party Product Safety Management System, and Third-Party Product Safety Management Detailed Regulations, to illustrate the safety technology structure in the company's product life cycle and standardize the safety requirements across the entire implementation process of products, including design, development, testing, release, certification, implementation, maintenance, offline and emergency processes. The company has been working to improve its product safety development capacity and ensure that its product fulfills the safety requirements of customers. It continues to improve the safety management mechanism at each stage, requiring each responsible department to establish and implement corresponding safety specification files, checking the safety work at each stage based on the circumstances, and continuously improving and optimizing the safety specifications and systems according to the problems that have been identified.

The company tests the security function of different projects in areas such as application vulnerability scanning and product security. Test reports will be issued based on the results, and rectification and repair will be performed, reducing losses caused by security vulnerabilities and improving the company's overall product security control capacity. In 2021, the company's baseline safety test and internet application security vulnerability bugs were both blocked 221,491 times, with the internal baseline blocking 202,294 security vulnerability bugs. Its Beijing Winter Olympic Games project blocked more than 890 security vulnerability bugs, and the Bangdao Ali-pay mobile application program blocked 78 security vulnerability bugs.



The company regularly conduct full-scale special product safety management training, including publicity, implement and conduct the examination of DingDing (mobile application) classroom safety training, the establishment of internal safety knowledge database, sharing of classic cases, etc., to distribute safety information and technology better and to build a good safety culture. In 2021, the company held special training on the third-party product compliance and safety management system. A total of 204 safety officers and representatives attended the training.

Innovative Product Quality Management

Customer Service

LongShine Technology is completely devoted to a service-oriented principle and is fully committed to providing customers with efficient and comprehensive quality services to grow with customers. The company abides by the Law on the Protection of Consumers' Rights of the People's Republic of China and other laws and regulations, establishes internal systems such as Customer Complaint Handling Management System and Operation and Maintenance Service Handling Process, sends professional service teams to assist with consultation, planning, implementation, operation and maintenance, and other aspects, and improves its information technology service system.

LongShine Technology attaches great importance to the company's operation and maintenance service quality, employing hierarchical management for service requests such as consulting, operation, data, and configuration, appropriately allocating resources, and timely repairing equipment faults, to minimize the impact on customers. The company actively communicates with users, coordinates and resolves disputes, monitors event completion, and returns visit to collect customers' satisfaction feedback.

Moreover, to increase the service quality even further, the company provides customers channels to complain and standardizes the customer complaint handling process to ensure that all kinds of customer feedback and complaints are addressed promptly and properly. At the same time, the company pays a follow-up visit to customers based on complaint handling circumstances, makes reasonable suggestions to relevant departments and requests for improvement, to prevent complaints from recurring.

The company continues to conduct customer satisfaction surveys, to better understand customers' multi-dimensional evaluations of the rationality, safety, and stability of the company's product design. A satisfaction survey report will be published, aiming to steadily improve the company's service quality and create value for customers. In 2021, the comprehensive company's customer satisfaction score was 85.99, which was significantly higher than in 2020.



Strengthen Information Security Management

LongShine Technology attaches great importance to information security management and is continually improving its capacity to provide information security and customer privacy protection services. The company is fully committed to providing safe and reliable technical services to its customer and is constantly establishing and improving the company's network and information security management system.

In accordance with the Network Security Law of China, the Law on Protection of Personal Information of China, the Data Security Law of China and other laws and regulations, the company has established Internet System Security Work Specification Requirements, and regulations such as Customer Sensitive Information Desensitization Specification, On-Site service Security Management Specification, Document Transparency Encryption Management Measures, etc. As of December 31, 2021, LongShine Technology and its several subsidiaries have received a range of relevant certifications on information security management system, information security service qualification, information system construction and service capacity, so as to further strengthen the development of information security system.

The company strictly implements the responsibility principles concerning network and information security, implements unified leadership and hierarchical management, and follows the "who is in charge is responsible, who operates the department who is responsible, who uses and who is responsible, and who manages business must manage security" principle. The company has established a security management department that is responsible for the overall management of the company's security work to fully promote the overall security work implementation. Every business management department has set up security posts to refine and define the responsibilities of network and information security systems.

The company effectively identifies and manages network and information security risks, avoids security incidents, integrates network and information security work in all aspects of production and operation. It has standardized the company's security management system into all aspects including physical security, safe operation, safe production, on-site service, and confidentiality management, and establishes emergency response, security monitoring, secure communication, and other mechanisms to further enhance the network and information security management system.

Physical security management

- Comply with the company's and site's physical safety-related regulations.
- Properly handle sensitive information files and mobile media.

Safe operation management

- Follow the password security policy and standardize the application and approval procedure of account and authorization.
- Strengthen business computer security management and conduct regular vulnerability inspections.
- Strengthen personnel safety management, review and oversee cooperative partners' operation qualification, and sign security confidentiality agreements.

Strengthen Information Security Management

Safety production management

- Ensuring safety production and construction relies on the principle of 'three synchronization', and it needs to ensure that the network security technical measures are 'planned, constructed and operated synchronously'.
- Follow the multi-level protection system of the national network security and implement the company's product life cycle security technical specifications.
- According to the safety production standards required by the state, industry and customers, it includes but not limited to: physical network security, environment security of host machinery, application and data security, information content security, business security, etc.

On-site service safety management

- Follow the instructions of the buyer or customer for personal data processing, transferring, and other related businesses.
- Prohibited to attack or harm customer's network, obtain any data or information from customer's network without permission, nor log in to the equipment with an unauthorized account or other accounts.
- The on-site service project team must formulate and strictly implement local management specifications and apply Implementation Guidelines of On-site Service Safety Management specifications in accordance with the customer's safety management requirements.

Data security management

- The company complies with national laws and regulations on data security, personal data and privacy protection, network security operations safeguarding and so on, and manages confidential data in accordance with relevant national regulations and requirements on company security and customer confidentiality.
- Data storage and document transmission must comply with the measures according to the Document Confidentiality Management Guidelines. Employees are prohibited from copying and transferring confidential documents and internal documents without prior authorization.
- Employees must follow the company's confidentiality regulations, handle confidential documents and contents with care, and not transfer, forward or copy the company's confidential information via email in violation of company's rules and regulations.

Emergency response and safeguard mechanism

- Manage network and information security incidents by various levels based on their severity, and implement the working mechanism of early warning, analysis, disposal, and notification.
- Comprehensively manage network information security through the security system, security departments and personnel, daily security monitoring, emergency response mechanism, personnel security training, security mechanism supervision, inspection, and other relevant mechanisms.

Network and Information Security Management Regulations and Guidelines

The company continues to strengthen its information security capability and carry out comprehensive information security management for employees, including signing security related Confidentiality Agreement and Security Commitment, issuing induction manual LongShine Security Red Line 15 Prohibitions, regularly carrying out employee security training and examination, preparing and publishing security briefings and require resigned personnel to sign the Resignation Statement and promise to continue to keep the company's information confidential. In 2021, the company carried out special training on the Data Security Law and Personal Information Protection Law, special training on the safety of fresh graduates, special training on the safety management of third-party products, etc.



Staff Training on Network and Information Security

The company conducts regular safety inspections and audits on safety management systems, personnel management, terminal security, data security, document asset management, office environment security, and other aspects. The goal is to conduct a more thorough assessment of the company's safety management capacity, formulate and follow up the implementation plan and rectification measures for safety risks.

Entrapment exercises

Enhance the company's safety awareness culture and carry out e-mail entrapment practice

In order to strengthen personal security awareness and prevention skills, the security management department organized and carried out specific e-mail entrapment exercises, imitation attack drills, and conduct network information security awareness publicity and education. These exercises monitor the entrapment success rate of employees in each department in various stages, understands the safety awareness level and risk positioning of each department, improves the sensitivity of employees to entrapment emails, and carries out targeted safety awareness training to further improve the overall safety awareness level of the company.



Standardize Supplier Management

LongShine Technology highly values supplier management, establishes rules and regulations such as Supplier Management Procedures, formulates standard processes, agreements, or contracts, conducts effective cost management, and constructs a fair, transparent, and sustainable supply chain for suppliers. The company sets up a procurement business department to manage the third-party and internal procurement to ensure the procurement process compliance. In addition, the company's operation management platform further standardizes the electronic management of the entire procurement process, including procurement application management, payment application management, and supplier information management, to make the procurement process simpler and more efficient and thus improve customers satisfaction on the products and services.

The company standardizes the supplier access system and examiners qualification, access, audit, evaluation, and other management mechanisms to develop reliable supplier networks. The company sets up access conditions based on supplier's types and requires suppliers to provide corresponding audit materials to establish a Directory of Qualified Suppliers, including Supplier Audit Form, business operation license, account opening permit, product certificate, safety evaluation report, illegal and criminal records, etc. In 2021, LongShine Technology has 396 cooperative suppliers registered in mainland China.

The company regularly reviews its suppliers, evaluating their product quality, price, personnel qualification, financial status, technical capability, after-sales, customer satisfaction, etc., and puts forward rectification requirements or disqualification of unqualified products, to improve the company's supplier management capacity. In 2021, the company integrated supplier resources to further screen high-quality suppliers which provide high-quality products and services.



04



Adhere to People-Oriented Principle and Help Employees Grow

Employees are the foundation for the company to survive and develop. Adhering to people-oriented principles and paying attention to humanistic care is essential for the company to achieve sustainable development. Longshine Technology thoroughly adheres to the career and talent development concept of 'rely on people for the success of work, rely on work for the success of people'. It pays close attention to employee rights, employee development and employee welfare, and has been continuously creating a straightforward, friendly, just and inclusive working environment. The company persists in setting up a stage for talent growth, paving ways for employee's career development, as well as creating a cohesive spiritual home for all.

Protect the Rights and Interests of Employees

Employees promote the development and growth of the company, while the company also endorses the development of employees. Based on mutual respect and equality, the company is obligated to safeguard and protect its employees' legitimate rights and interests. On the path of co-development with its employees, based on the principle of protecting employees' reasonable rights and interests, the company is committed to creating an equal and transparent employment mechanism for each employee and resolving their most concerning and realistic problems.

Rights and Interests of Employees

LongShine Technology strictly abides by the Labor Law of The People's Republic of China and signs legal labor contracts with employees from the date of employment. The company adheres to the principle of fair employment and will never discriminate based on gender, age, race, religious belief, and physical condition. Forced labor and child labor are strictly prohibited as well.

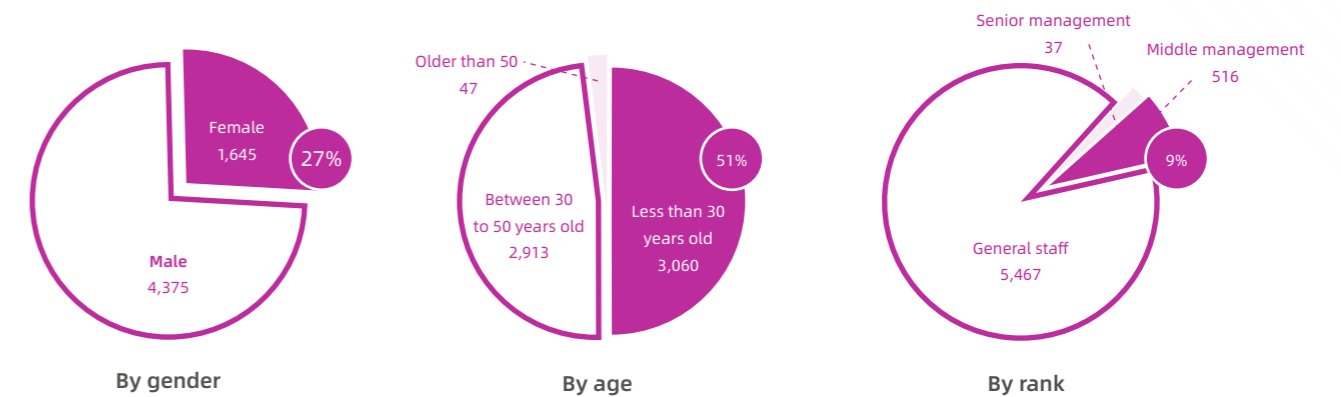
According to national laws and regulations, the company provides the 'five insurances and one fund' for all employees and provides employees with an annual physical examination. At the same time, it purchases supplementary medical insurance, full scheme accident insurance, major disease insurance, and other commercial insurance for its employees. It assists employees in handling supplemental medical joint insurance for their families, generally providing full coverage of supplementary commercial insurance.

The company has established the Vacation Management System. Based on ensuring that employees enjoy legal holidays and weekends required by the state, each employee can also enjoy legal annual leave, marriage leave, maternity inspection leave, maternity leave, paternity leave, parental leave, funeral leave and other specific vacations. Each employee is also provided with the welfare of annual paid leave and annual paid sick leave of 12 days.

	Safeguard measures for employees' rights and interests	Relevant system
Recruitment	Employment principle: openness, equality and non-discrimination. Child labour: take the personnel's age above 18 as employment condition, and eliminate the employment of child labour. Forced labour: limit overtime working, and the working hours are recorded in the system on time.	Recruitment System
Dismissal	Terminate the labour contract after equal consultation with employees.	Dismissal System
Working hours and holiday leave	Working hours: standard working hours of 40 hours per week. Employees who requires irregular working hours and comprehensive working hours, the system shall adjust the time according to the actual situation.	Working hours and holiday leave System
Payment	Employees' work content, position ranking, work performance, employee potential and labour market status are the main basis for determining employees' salary, and the payment are moderately inclined in favour towards freshly graduated students.	Employee Payment System

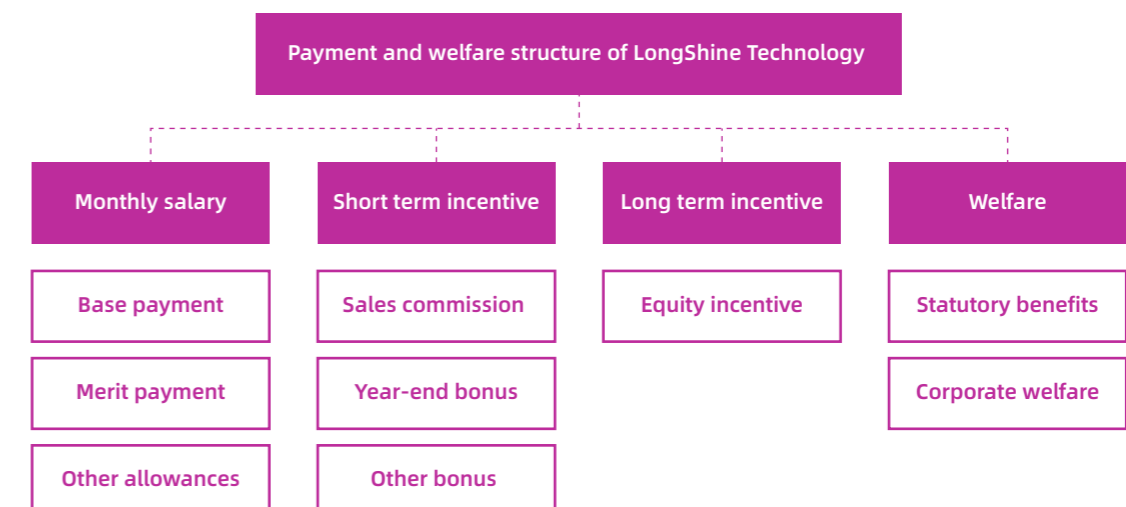
Employee Status

As of December 31, 2021, the company has 6020 employees.



Suitable Payment

LongShine Technology believes in “adapting to the market environment, reflecting the value of talents and maximizing the potential of the incentive role,” principle and following the concept of “paying mainly for the value of the position and personal ability, supplemented by paying for personal performance contribution.” It has issued the Salary Management System of LongShine Technology and established an incentive mechanism that considers internal fairness and market competition. Placing “consistent responsibility and interests, consistent ability and value, consistent risk and return, consistent performance and income” as the goal of employee salary distribution, the company is committed to empowering employees to focus all their efforts on business development and share the company's dividend along with its development.

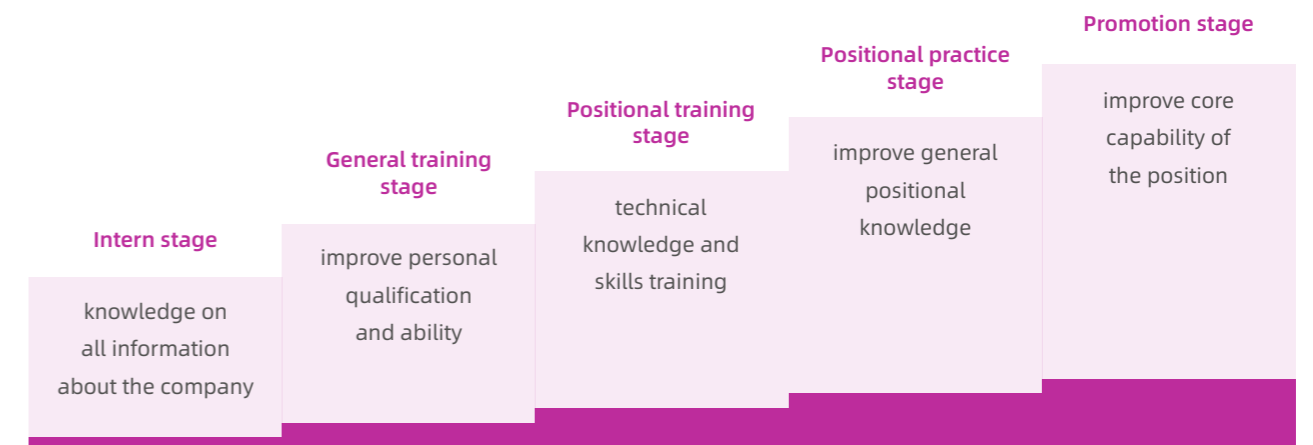


Support Employee Development

LongShine Technology pays great attention to the training of employees and regards the growth of employees as an essential factor for enterprise development. LongShine Technology has set up a human resources COE (Center of Expertise) learning and development team, aiming at intensely carrying out training courses to improve the comprehensive qualification of employees. The company aims to optimize the learning and development system, normalize the precipitation of internal high-quality resources and experience, and build LongShine knowledge center and training resource database. It has been carrying out talent training and manager training programs for key posts, build a 'knowledge + learning' management platform, meet the growth needs of all employees, and continuously stimulate the creativity and initiative of the organization. As of December 31, 2021, LongShine Technology has provided a total of 48,321.52 training hours to employees, with 4.43 hours per capita, and the proportion of trained employees has reached 100%.

Routine training	Key project training	Vocational qualification examination
<p>Training for new employees of social recruitment: at the first day, the first week, the first month, the first employment time and other occasions, through mixed training methods, such as online teaching, offline department guidance and national online communication meeting, the company creates a training camp for new employees to quickly integrate and adjust to their posts.</p>	<p>The company designs exclusive training programs for newly appointed grass-roots managers. It arranges managers from all over the country to gather together to turn their roles from experts to managers through courses and seminars. Under the guidance of the tutor, these managers will be able to adjust to the position quickly and be independent.</p>	<p>The company takes into consideration of all employees, aims to create a learning organization, provide possibilities for employees to attend training and certificate examination, reimburses training and examination expenses, encourages employees to actively improve their vocational skills, and provides certificate renewal services for some key certificates.</p>

To help new employees successfully adapt to and integrate into the new working environment, the company has established a newcomer training channel. It considers the growth stage of new employees, accelerate new employees' in-depth understanding of the company's business team through task allocation, set periodic assessments, and other methods. The company assigns a tutor to each fresh graduate and provides guidance and skill training during their employment to regular employment. It also set up customized tools such as Fresh Graduates Knowledge and Capability Model, Learning Map, and 1.5-Year Training Plan for Fresh Graduates to help them successfully pass all stages of the training path. As of December 31, 2021, LongShine Technology has provided a total of 14,524 training hours to fresh graduates, with 82 hours per capita.



Cultivation growth path for fresh graduates

In 2021 LongShine Technology and Oracle held technical exchanges.



In order to fully improve the ability of operators from formulating strategies to implementing strategies, as well as to stimulate each business unit to make better achievements, Bangdao Technology launched a three day strategic special training camp in mid November.



Let the fresh graduates feel and understand LongShine, cultivate the fresh students' sense of belonging and responsibility in order to integrate into LongShine, and help them adjust their roles, improve their skills and grow rapidly. In 2021 fresh graduates will have a nine day long general training and a five day long technical training.

Care for Employees' Life

Adhering to the “paying equal attention to work and life, and living with happiness concept, LongShine Technology continues to prioritize taking care of its employees, creating a comfortable working environment and enhancing cohesion and sense of belonging through various types of employee activities.

Employee Activities

To make employees feel the warmth of home and enrich their daily cultural life, LongShine Technology holds various forms of employee activities every year.



● Women's Day Festival

In order to celebrate International Women's day, the company presents special gifts to female employees on March 8 every year.



● Annual Outstanding Employee Tour

The company holds annual excellent employee tour activities in May every year, which not only provides employees with opportunities to travel and relax, but also helps employees to integrate into the construction of the company's culture. In 2021, the company organized tours in northwest regions and Anji Club vacation tour.

● Staff Steps Walk

The company carries out step walking activities for all employees in May and November every year, and awards the winning employees with a bonus of RMB 100,000, in order to promote employees to pay attention to their own health.



● Induction Celebration

The company holds an annual induction celebration to send good wishes to students for the special induction anniversary. In 2021, a total of 563 employees participated in the induction ceremony.



● 9-10 Teachers' Day

On Teachers' Day, the company organizes thanksgiving activities on the theme of expressing thanks to tutors, so as to create an atmosphere of mutual help and learning within the company. In 2021, the company held a Teachers' Day activity with the theme of 'three people walking together, one of them must be my teacher!'. Flowers and greeting cards were placed in each office area to encourage employees to express their gratitude to their tutor.



● Mid-Autumn Festival Activities

The company offers mid-autumn moon cakes to employees at every Mid-Autumn Festival, and holds mid-autumn reunion activities to create a warm atmosphere for employees. In 2021, the company launched the LongShine Three Line Family Letter Activity.



Care for Employees' Life



1024 Program Day Festival

The company holds 1024 Program Day Festival on October 24 every year to celebrate the era of digital technology with employees.



Table tennis club in Hangzhou city

Roller skating club in Wuxi city



Yoga activities

Badminton activities

Sports Club

In 2021, LongShine Technology officially established its sports club, which aims to enrich employees' spare time life, help employees to develop fitness habits, and advocate the concept of happy life and healthy work. As of December 31, 2021, the company has established 90 sports clubs in 20 cities across the country, with a total of 821 employees participating. In order to encourage employees to continuously participate in sports, the company has created a sports talent IP, and more than 900 employees take physical exercise in various forms. Moreover, the company pays attention to the health of employees through health-care lectures and public health lecturing mobile application.

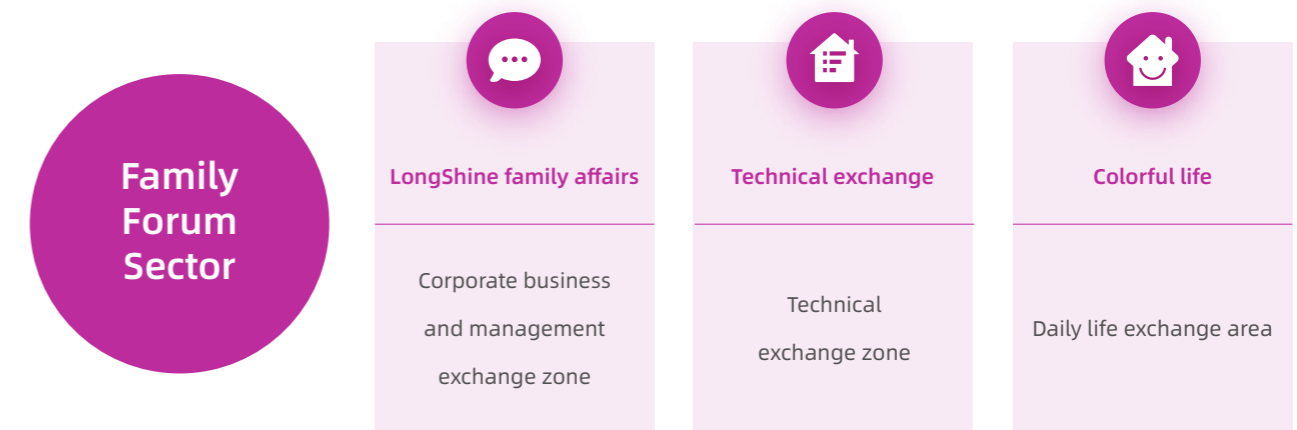
Employee Assistance

The company established the LongShine Love Special Charity Foundation to establish a long-term mechanism in special charity fund to assist employees with medical-care difficulties and living difficulties. The company sets October 28 as its annual Charity Day and advocates employees to donate on this day. As of December 31, 2021, the company has assisted four employees with family difficulties, 322 employees have made voluntary contributions, and a total of RMB 118,900 has been raised.



Employee Communication

The company is organizing a family forum to stimulate communication among employees. It aims to help employees create an open, harmonious, inclusive, and positive working atmosphere through online activities. This community will cover three sections: LongShine family affairs, technical exchange, and colorful life.





05



Take Social Responsibility and Repay the Society wholehearted

LongShine Technology has always viewed green and low-carbon operations and participation in public welfare as vital parts of the company's long-term sustainable development strategy. Based on creating value for customers, generating profits for shareholders, building future for employees, and repaying for the society, LongShine Technology always considers its mission and responsibility. It adheres to energy conservation and consumption reduction strategies and helps the development of public welfare undertakings.

Adhere to Low-Carbon Operation

LongShine Technology consist with the global trend toward green development, pursuing the goal of "carbon peaking and carbon neutrality" and implementing a low-carbon strategy through its emission and energy consumption management. The company seeks to demonstrate its determination to practice low-carbon operations and develop sustainability.

Emission Management

The company has carried out relevant training and established a waste classification management system to advocate the reduction, recycling, and harmlessness of domestic waste. The company places waste bins centrally and requires employees to classify and dispose of waste. To promote environmental protection and energy conservation, the company endorses the green office concept. It reduces the waste discharge in the office area by the following activities: distributing non-consumable office supplies, setting waste battery recycling bins, and using printing paper on both sides; achieving the recycling of office waste by recycling printing paper, cartons, plastic bags, and document baskets; reduce office energy consumption by posting energy-saving signs and using energy-saving and environmental protection materials for decoration in the office. As of December 31, 2021, the company had no environmental accidents, illegal discharges, or other such events.

The data of emissions and energy consumption in 2021 are as follows

Types of emissions, energy consumption and utilization		Unit	Data in 2021
Waste and contaminants	Waste batteries	Ton	0.009
	Waste selenium drum	Ton	0.071
	Waste ink cartridge	Ton	0.023
Resource utilization	Office paper consumption	Ton	4.42
	Fresh water consumption	Ton	9,458
	Electricity consumption	KWh	1,573,200

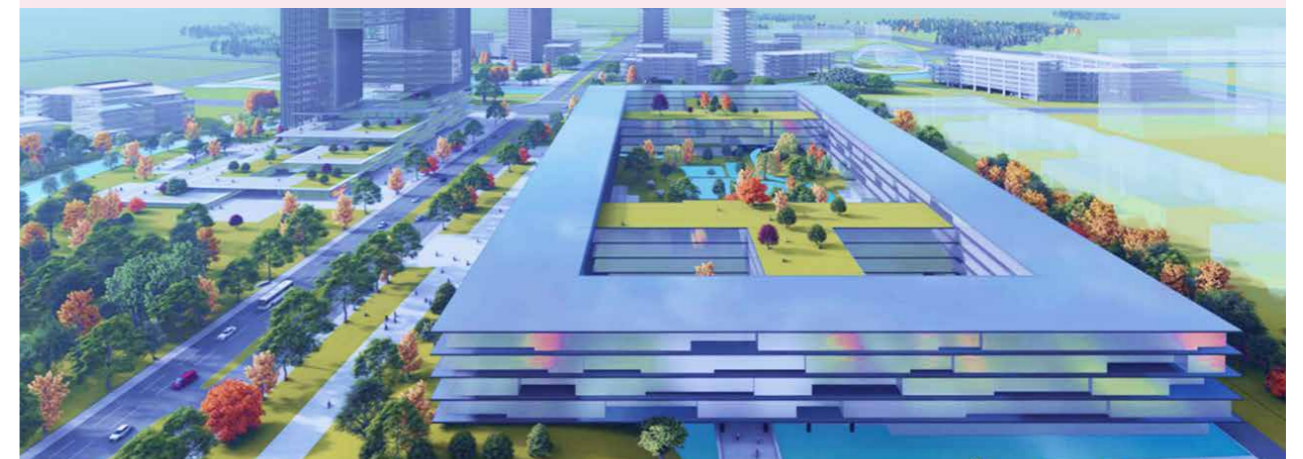
Energy Consumption Management

The company attaches great importance to energy management, strictly abides by the Energy Conservation Law of The People's Republic of China, develops energy consumption management system, standardizes daily behaviors such as air conditioning, electricity and paper in office areas, defines the responsibilities of administrative departments, constantly improves energy management system, and realizes all-round control of energy use process. As of December 31, 2021, LongShine Technology and its five subsidiaries have acquired the ISO14001 Environmental Management System Certification, and the company's daily operation and production have not affected the environment and natural resources.

Case

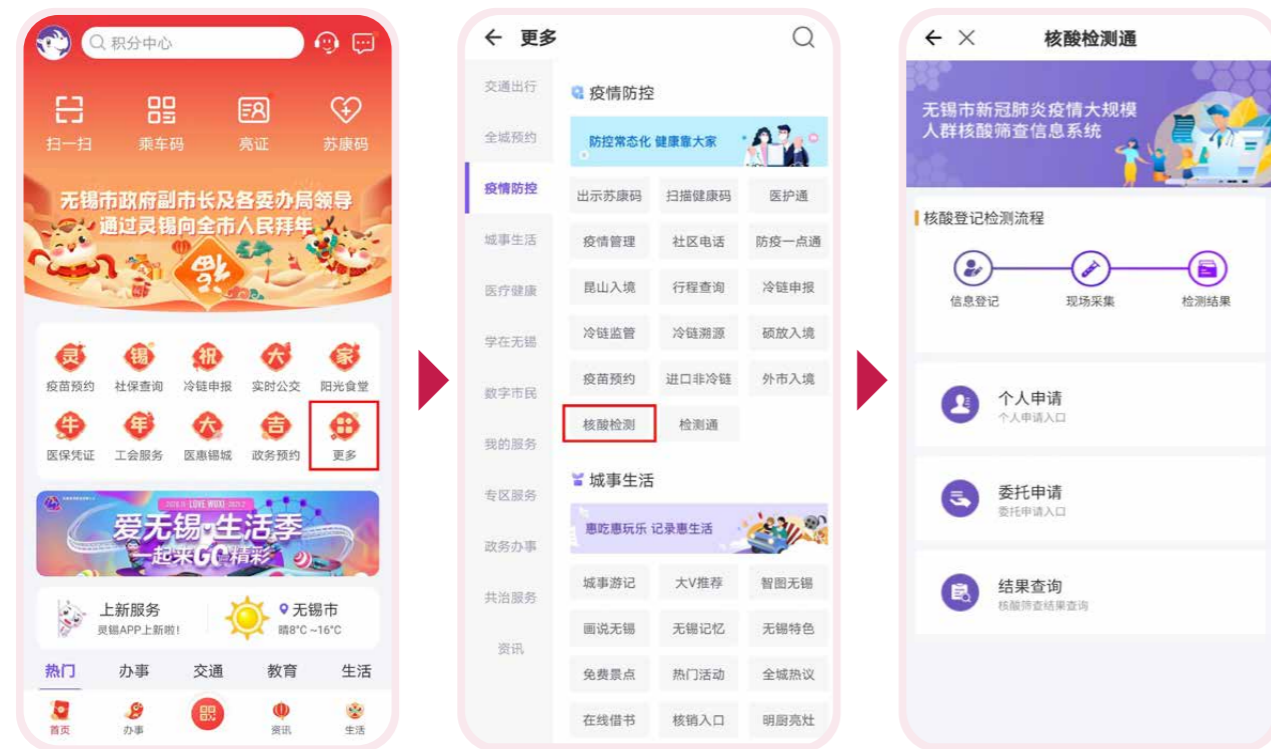
LongShine technology creates a zero-carbon technology industrial park

To actively respond to the national low-carbon policy, LongShine Technology implemented the LongShine Technology Industrial Park project in Wuxi city, which became the first batch of science and technology industrial park projects with zero carbon as the theme in Jiangsu Province. LongShine Technology Industrial Park project is located in the central area of 'Internet of Things' Town at Huihai Bay High Tech Zone, with a total construction area of about 250,000 square meters. During the construction, the relevant requirements of green buildings will be strictly implemented, and the comprehensive energy-saving rate of the project building will reach 65%. In terms of energy conservation in the park, first of all, a 1.2 MW distributed photo-voltaic power station is designed by using photo-voltaic power generation and roof, which is expected to generate about 1.3 to 1.4 million kilowatts of green power every year. At the same time, a roof garden is built on the roof without solar photo-voltaic panels to reduce the energy exchange between the roof and the outside. Secondly, a 'sponge city' will be build. The proportion of permeable ground area is more than 40% of hardened ground within the park. A new rainwater collection system is built and utilized by biological purification technology, and the utilization rate of rainwater resources is more than 5%. Thirdly, there will be full-scale energy management. The park implies BSE smart energy-saving system independently developed by LongShine Technology to achieve accurate control of temperature and humidity within buildings and save energy to the greatest extent. In addition, numerous new energy charging stations are planned to be built within the park to encourage employees to actively use new energy vehicles and practice the concept of low-carbon travel together.

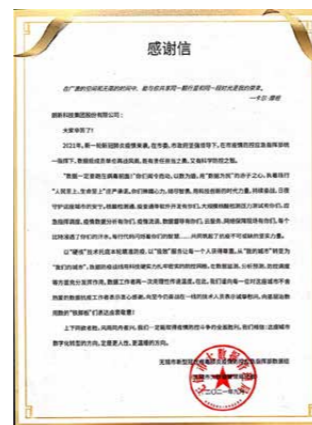


Intelligent Anti-Pandemic Activities

After an in-depth analysis of the infection screening workflow in other regions with pandemic risks in China, combined with the characteristics of pandemic prevention in Wuxi city, the company quickly developed the 'nucleic-acid test link' product. Wuxi citizens can book a nucleic-acid test via the 'pandemic prevention and control' directory on the Lingxi mobile app. After quickly completing the nucleic acid test individual application following the functional index, they can go to an offline nucleic-acid test center to take the tests. Afterward, applicants can also acquire the nucleic-acid test results online on Lingxi mobile app.



In August 2021, the situation in Lukou at Nanjing reminded Wuxi city to ring the pandemic prevention alarm again. To assist the government in conducting accurate and efficient community nucleic-acid tests, nearly 200 LongShine Technology employees formed a science and technology anti-pandemic team to develop the first online nucleic-acid test platform, solidify the digital 'defense line,' and assist the government in conducting nucleic-acid screening and testing (stress testing) for all employees.



Public Welfare

LongShine Technology consistently adheres to the principals of leading the digital world, helping digitization transition, actively participating in public welfare events and re-pay the society with practical actions.

Education assistance

LongShine Technology promotes the development of the company's educational public welfare undertakings through Beijing Daisy Public Welfare Foundation, CITIC Trust Student Fund, such as online free education platform, content, etc.

In 2017, LongShine technology and Yishiteng technology jointly launched the Beijing Daisy Public Welfare Foundation to help poor communities in remote areas. In 2019, Beijing Daisy Public Welfare Foundation launched the daisy summer public welfare camp project. They invited 6 teachers and 30 students from Kuoshtag town primary school in Pishan County, Xinjiang, and Keping Bilingual Huzhou Primary School Xinjiang to come to Beijing for a week-long visit and study tour.



Public Welfare

Book donation activities

On September 30, 2021, the company carried out book donation activities for Huade county in Inner Mongolia, which is a sister city of Beijing, and donated 5,000 books to Huade County Cultural library of Ulanqab City in Inner Mongolia Autonomous Region.



Caring co-development activities

In November 2021, the Beijing Daisy Public Welfare Foundation, together with the Wuxi Municipal Committee of the Communist Youth League and the Wuxi Youth Federation, held the "young people's warm childlike innocence - big hands pull small hands" care activity. Through letter exchange and micro wish help activities, young people paired up with those in Aheqi county and provided them with 30 love help packages.



Donation during pandemic

In early 2020, facing the outbreak of Covid-19 pandemic, all sectors of society joined in the fight against the pandemic. Staff of LongShine Technology donated a total of RMB10 million worth of medical supplies and funds to fight against the pandemic and protect front-line worker's safety in Hubei province.



Rural development

LongShine Technology has always adhered to the concept of "working seriously, developing enterprises and give back to society", and actively promotes rural development. In October 2021, Beijing Daisy Public Welfare Foundation donated RMB 0.1 million to Shule county in Xinjiang, to help the construction project of human settlements in Tokuzi Otak village No. 6 of Tagarqi Township in Shule county, and promote the consolidation and expansion of poverty alleviation in Shule county.

LongShine Technology Public Welfare Investment Amount

Project	Total amount (RMB 10,000)
Targeted poverty alleviation in 2021	23
Social welfare activities in 2021	50

Future Prospect

Digitization is the most important technical theme in different industries in the 21st century. Along with it, technology and productivity in the energy sector have been making continuous progress. The state firmly dedicated to promoting the 'double carbon' strategy, driving a magnificent energy revolution. The integration of electric energy and digital technology will initiate new forms of electric energy, new market operation mechanisms, multi-level energy network structure, and give birth to a series of new scenarios of electricity load and electric energy consumption. LongShine Technology is at the intersection of 'energy revolution + digital revolution'. Digitization makes the digital world a better place, enables energy consumption to be greener, more convenient and more efficient, which is not only an opportunity of the era, but also our indispensable mission.

In the future, LongShine Technology Group will firmly focus on the energy industry, as well as focus on the dual development driving strategy of 'energy digitization + energy internet' based on the business model of B2B2C. The company will continue to make efforts on the two main business lines of digital transition and upgrading of the energy industry as well as the service operation of the energy internet platform. On the one hand, we will focus on major customers of electric energy and promote digital energy services applications. On the other hand, we will focus on customer's needs and expand scenario driven energy consumption and electric energy operation. In terms of business model, the company will optimize the relationship between supply and demand through technology and business model innovation, not only improve the user experience, but also achieve scene partners. From software to platform, from service to operation, the company will diligently upgrade its business and enhance its value, continue to contribute to the 'double carbon' goal and promote the sustaining socio-economic development!



Key Performance Indicator

	Index	Unit	Data in 2021	
Economic performance	Operation revenue	Million yuan	4,639	
	Net income attributed to shareholders	Million yuan	847	
	Cash dividend	Million yuan	232	
	Total investment in R&D	Million yuan	585	
	Proportion of R&D expenses within operation revenue	%	12.6%	
Environmental performance	Waste and contaminants	Waste batteries	Kg	9
		Waste toner cartridge	Kg	71
		Waste ink cartridge	Kg	23
	Resource utilization	Office paper consumption	Ton	4.42
		Water consumption	Ton	9,458
		Electricity consumption	KWh	1,573,200
Social performance	Electric service user	Million	> 270	
	Number of patents applied	Set	313	
	Number of major patents	Set	196	
	Number of authorized patents	Set	122	
	Number of licensed copyrights	Set	880	
	Number of trademarks	Set	348	
	Number of cooperative suppliers	-	396	
	Total number of employees	Person	6,020	
	female employees	Person	1,645	
	male employees	Person	4,375	
	Employees less than 30 years old	Person	3,060	
	Employees between 30 to 50 years old	Person	2,913	
	Employees older than 50	Person	47	
	Senior management	Person	37	
	Middle management	Person	516	
	Ordinary employees	Person	5,467	
	Training hours to employees	Hour	48,321.52	
	Training hours to employees per capita	Hour/capita	4.43	
Proportion of trained employees	%	100		
Training hours to fresh graduates	Hour	14,524		
Training hours to fresh graduates per capita	Hour/capita	82		
employees of Voluntary contributions	Person	322		
Voluntary contributions	Thousand	118.9		
Targeted poverty alleviation	Thousand	230		
Social welfare activities	Thousand	500		

Feedback Form

Dear readers:

Hello! Thank you very much for reading the Environmental, Social and Governance (ESG) Report of LongShine Technology Group Co., Ltd. in 2021. We attach great importance to and look forward to hearing your feedback on the sustainable development management, practice and information disclosure of LongShine technology. Your opinions and suggestions are an important basis for us to continuously promote the management and practice of sustainable development. We look forward to your reply!

Selective questions (Please tick in the corresponding position)

1. Do you think this report can reflect the significant impact of LongShine Technology on economy, society and environment?

Yes General No

2. Do you think the analysis of the stakeholders identified in this report and their relationship with LongShine Technology is accurate and comprehensive?

Yes General No

3. Do you think the information provided in this report is comprehensive?

Yes General No

4. Do you think the information provided in this report is readable?

Yes General No

Open questions

You are welcome to leave other comments and suggestions on the Environmental, Social and Governance (ESG) Report of LongShine Technology Group Co., Ltd. In 2021.

Your contact information

Name:

Tel:

Organization:

E-mail:



LongShine

朗新科技集团股份有限公司

LongShine Technology Co., Ltd.