LongShine
朗新

2023

LongShine Technology Group Co., Ltd.

Environmental, Social and Governance (ESG) Report

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About This Report

This report is the third 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 Group in practicing sustainable development.

Time Frame

The time frame of this report is from January 1, 2023 to December 31, 2023, with part of its contents traced 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 Shenzhen Stock Exchange Guidelines for Self-regulation of Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board Market, the Shenzhen Stock Exchange Guidelines for Self-regulation of Listed Companies No. 17 - Sustainable Development Report (For Trial Implementation) (Draft for Advice), GRI (Global Reporting Initiative) Standards and the S&P Global Corporate Sustainability Assessment (CSA).

Abbreviation Description

For ease of expression and reading, LongShine Technology Group Co., Ltd. is also represented by "LongShine Group", "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 Group. The sole purpose of this report is to disclose the progress of sustainable development management of LongShine Group, not for commercial purposes.

Report Acquisition

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reforms in the electric power sector. This coincides with the deepening integration of electric power with digital, intelligent and the Internet of Things (IoT) technologies. In the Big Energy industry, innovation in technology, business practices, and models is advancing, driven by market demands and the adoption of digital and intelligent solutions across various scenarios. This innovation is creating new, high-tech, efficient, and high-quality productive forces, poised to significantly boost energy efficiency and address the challenges of safety, economic efficiency, and green development. Consequently, it unleashes substantial innovation potential and business opportunities within the energy sector!

LongShine Group focuses on the Big Energy industry, prioritizing a people-centric approach. Our commitment extends to establishing a comprehensive talent development framework, covering employee welfare, training, promotion, and benefit-sharing, while also enhancing safeguard measures to protect employee rights, interests, health, and safety. Through these initiatives, we strive to bolster employee pride, engagement, and sense of belonging, fostering a collaborative environment for mutual growth. We adhere to a long-term, sustainable and systematic approach to employee development. In 2023, we launched the "Future Team" growth program, aimed at nurturing a cohesive talent pool aligned with our company's values and objectives, supporting our sustainable growth trajectory. Additionally, we made steady progress in the second-phase construction of the LongShine Technology Industrial Park and its intelligent projects, both of which are expected to be put into operation in 2024. This endeavor will provide our employees with a green, low-carbon, and technology-driven industrial park, promoting a more humane and technologically advanced work and living environment!

In 2023, LongShine Group fully embraced the artificial intelligence (AI) revolution. We established LongShine Research Institute to empower business and management with AI, driving technological research and development, and model creation based on real-world scenarios and business needs. At the end of 2023, we initiated the LongShine digitization project, aimed at digitizing various elements of our business operations, including the flow of business opportunities, strategies, workflows, and controls. This project focuses on building competitiveness by leveraging a "data + AI model algorithm" approach at its core, ultimately establishing a digitized operation and management system.

The Company continued its efforts to enhance ESG governance standards, reinforcing the foundation of governance across various aspects including business ethics, product quality, information security, intellectual property protection, and responsible supply chain management. Additionally, we focused on refining our internal control systems, bolstering risk management practices, and augmenting decision-making capabilities. In 2023, LongShine Public Welfare Foundation actively embodied the corporate ethos of "Benefiting the Society" on behalf of the Company. The foundation fulfilled the Children's Day wishes of 100 children from remote areas who were left behind by their parents. With a particular focus on underprivileged girls, it organized a summer camp in Wuxi City for girls from the Xinjiang Uygur Autonomous Region. During the year, the Company was listed as one of the first "Wuxi Charity Practice Stations" and among the 2023 Top 500 Chinese Enterprises in Charity.

As the sun rises, illuminating the sky with brightness and freshness, LongShine Group remains steadfast amidst the waves of energy and digital revolution. We are committed to relentless innovation, dedicated to creating value for our customers, fostering the well-being of our employees, delivering returns to our shareholders, and contributing to the betterment of society!

Chairman:

2024.4

能源数字化
双碳新未来

创造新价值
分享新价值

为客户创造价值
造福员工
回报股东
惠及社会

Message from the Chairman

LongShine Group is a leading technology enterprise focusing on energy digitization and the Internet of Energy (IoE). We harness the power of new quality productive forces generated by cutting-edge technologies such as next-generation digitization, artificial intelligence, the Internet of Things (IoT), electric power, and electronics. Through innovative platform operation models, we continuously drive the transformation and upgrading of the energy industry, fostering green and low-carbon development. Committed to digitization to make the world a better place, we enhance energy supply efficiency, elevate operational intelligence, and promote greener consumption practices! In 2023, we seized the important opportunities presented by reforms in the electricity market, the development of new electric power systems, and the expansion of charging infrastructure networks. We integrated new energy vehicles, advanced cloud computing technology, and smart highway infrastructure into our new energy operations. Additionally, we embraced the concept of virtual power plants, zero- or low-carbon industrial parks, and urban energy and carbon management. Through relentless innovation, LongShine leads the industry forward, striving for sustainable, robust, and steady development.

As China advances its "carbon peaking and carbon neutrality" goals and prioritizes high-quality development, the energy sector faces a growing challenge in balancing safety, economic efficiency, and green initiatives. China is actively pursuing infrastructure development, particularly in new electric power systems, while also deepening

About LongShine Group

Company Profile

As a leading energy technology company, LongShine Group has long been dedicated to serving the electric power industry. Operating on a B2B2C business model, the Company focuses on growth propelled by energy digitization and the Internet of Energy (IoE). On the one hand, LongShine Group delves deep into the energy sector, contributing to the development of new power systems. It provides comprehensive core business software solutions to esteemed clients such as State Grid, China Southern Power Grid, and CHN Energy, aiding them in their digital and intelligent transformation endeavors, enhancing "Middle Office" capabilities, and fostering innovative development. On the other hand, it is committed to establishing its own Internet of Energy (IoE) platform through continuous technological, business, and model innovations. By integrating resources including distributed photovoltaic systems, electric vehicles, charging infrastructure, energy storage solutions, as well as small and medium-sized industrial and commercial users, and households, it offers a diverse range of energy-related services. Furthermore, it facilitates the interaction between electricity supply and demand, optimizing resource allocation to support the marketization of the electric power industry.

Headquartered in Wuxi City, Jiangsu Province, LongShine Group has eight research and development (R&D) centers across China. Its operations and branches extend across 31 provinces and regions within the nation, as well as spanning more than 10 countries and regions globally. The Company delivers long-term technical and operational services to over 12,000 governmental and corporate clients, serving more than 460 million public users. LongShine Group holds a prominent position nationally in various sectors including digitized electric power marketing, household energy payment solutions, aggregated charging for new energy vehicles, and distributed photovoltaic cloud services. In recent years, the Company has spearheaded exploration and innovation in integrating transportation and energy industries, establishing virtual power plants, implementing urban energy carbon management systems, developing zero-carbon industrial parks, and offering comprehensive energy operation and management services. These efforts have facilitated the transition towards green and low-carbon energy, benefiting numerous households. The Company was successfully listed on the Shenzhen Stock Exchange in 2017 under the stock code 300682.

Corporate Culture

Mission statement
Digitization makes the digital world a better place.

Value proposition
Rely on digital services and digital operation, create new value, share new value
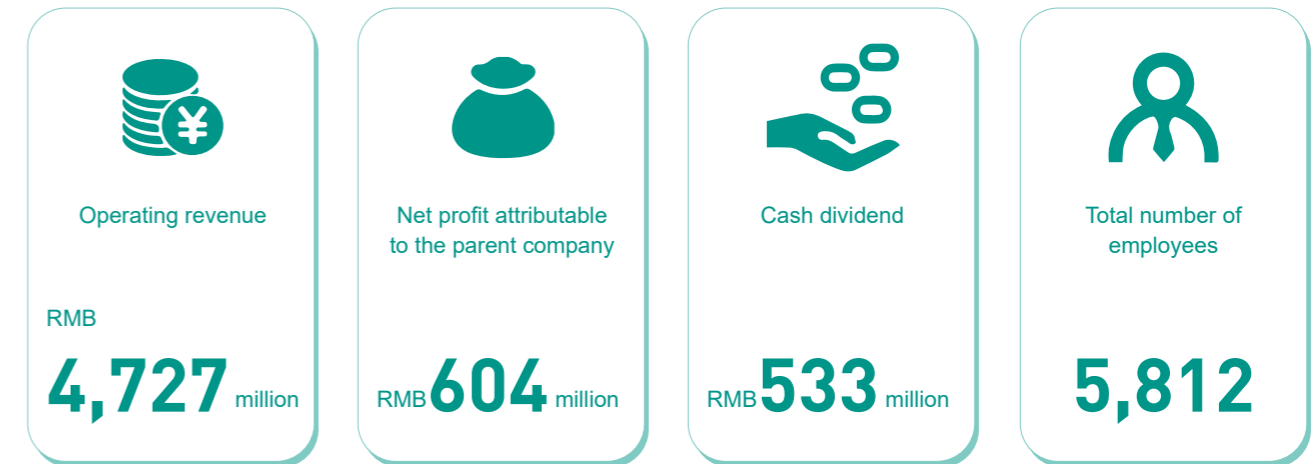
Five principles of business operation
- Insist on creating value through technological innovation
- Adhere to a customer-centric approach
- Adhere to lawful and legally compliant operation
- Adhere to the mission of enabling employees to gain the sense of fulfillment
- Adhere to the establishment of a sound corporate ecology

LongShine

LongShine, which originated from the phrase in the book Huainanzi: The sun rises and clears the sky, bringing a sense of brightness and freshness. Its meaning is to describe the fresh and clear weather of the universe's formation at the beginning of heaven and earth. LongShine Group, inspired by the spirit of the dragon, constantly makes breakthroughs, boldly innovates, focuses on digitization, creates new value, and makes the digital world a better place.

Performance Indicators

Operating revenue
RMB
4,727 million

Net profit attributable to the parent company
RMB **604** million

Cash dividend
RMB **533** million

Total number of employees
5,812

Honors and Awards

2023 Top 500 New Economy
Chinese Enterprise Evaluation Association

2023 Top 100 Software and IT Services Enterprises with Competitive Strength
China Electronic Information Industry Federation

First-prize New Product at the 2023 China International Digital Economy Expo
China International Digital Economy Expo

2023 "BJX Cup" Influential Enterprise in Carbon Peaking and Carbon Neutrality Practice
www.bjx.com.cn

2023 "Polaris Cup" Excellent Service Provider of the Integrated Energy Service Platform
www.bjx.com.cn

2023 Public Welfare Project Award
The 13th Philanthropy Festival

2023 ESG Pioneering Enterprise Award
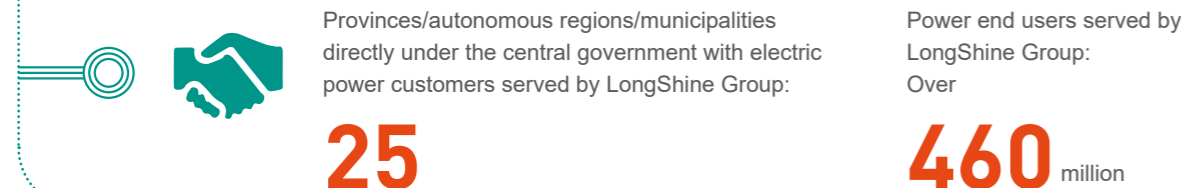The 13th Philanthropy Festival

Business Layout

As a leading energy technology company, LongShine Group focuses on growth driven by energy digitization and the Internet of Energy (IoE), employing a B2B2C business model. On one hand, we deliver comprehensive solutions to governmental and corporate clients, including State Grid, aiding them in their digital upgrades and contributing to the development of new power systems. On the other hand, leveraging our proprietary Internet of Energy (IoE) platform, we aggregate resources such as distributed photovoltaic systems, electric vehicles, charging infrastructure, energy storage solutions, as well as small and medium-sized industrial and commercial users and households. This enables us to offer a diverse range of energy services and support the marketization of the electric power industry.

Energy Digitization: Providing comprehensive software solutions to electric power customers

LongShine Group boasts over 26 years of experience serving the energy sector. In the electric power industry, we provide comprehensive solutions, including core power service systems, to major corporate customers such as State Grid and China Southern Power Grid. In the gas industry, we offer core system solutions to prominent gas enterprises like China Resources Gas and China Gas. Actively expanding our customer base in the energy industry, we provide digital energy products, solutions, and SaaS services to both traditional and new energy power generation entities.

Provinces/autonomous regions/municipalities directly under the central government with electric power customers served by LongShine Group:

25

Power end users served by LongShine Group: Over

460 million

Smart TV

In the Smart TV sector, LongShine Group has cultivated mutual trust and forged win-win partnerships with China Mobile's operators, Smart TV license holders, and regional radio and television stations, aiming to better serve Smart TV users. As a provider of technical services, the Company ensures standardized business practices, efficient operations, and positive user experiences. It takes responsibility for building the Smart TV platform, system maintenance, operational support, big data analysis, business promotion, and after-sales and customer service, all geared towards ensuring a seamless, stable, and high-quality viewing experience for Smart TV users. The Company's intelligent terminal business mainly includes Smart TV intelligent terminals and other products.

Online TV users:

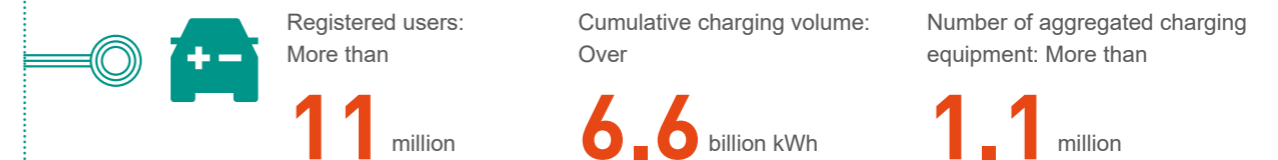**75** million

Daily active users:

28 million
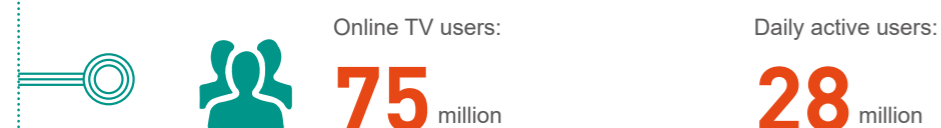
Internet of Energy (IoE): Offering diverse energy service scenarios for electric power consumers

For over a decade, LongShine Group has been at the forefront of delivering pioneering services within the Internet of Energy (IoE) domain. Through strategic adoption of digitization, intelligent technology, the Internet of Things (IoT), and other cutting-edge technologies, coupled with a platform operation model, LongShine Group has led the charge in developing groundbreaking scenarios across various energy services. These include utility payment solutions, aggregated electric vehicle (EV) charging, integration of new energy vehicles, advancements in the new energy industry, smart highway infrastructure, and cloud computing technology, alongside the establishment of virtual power plants. The overarching goal is to enhance energy supply efficiency, boost operational intelligence, and advocate for greener consumption practices.

In the field of household energy consumption, the Company has created a utility payment scenario. In collaboration with Alipay and other online platforms, which provides residents, industrial, and commercial users with comprehensive online closed-loop services covering "Inquiry, Payment, Billing, and Invoicing" for public utilities such as water, electricity, gas, and heating throughout China.

Accumulated metered users served:

450 million

Daily active users: Over

14 million

Public service agencies connected: More than

6,200

In the field of energy consumption by vehicle owners, the Company is dedicated to developing a third-party aggregated charging platform called "Xindiantu." This platform aims to offer owners of new energy electric vehicles enhanced, faster, more efficient, and cost-effective charging services. To date, the "Xindiantu" platform has established collaborative partnerships with leading charging pile operators and vehicle manufacturers across China, including State Grid, China Southern Power Grid, TELD (charging pile operator), Star Charging, BYD, Li Auto, and XPENG Motors. It has emerged as one of China's largest aggregated charging platforms with an extensive online operational network.

Registered users: More than

11 million

Cumulative charging volume: Over

6.6 billion kWh

Number of aggregated charging equipment: More than

1.1 million

As the integration of new energy vehicles, the new energy industry, smart highway infrastructure, and cloud computing technology continues, LongShine Group leverages its "Xindiantu" aggregated charging platform to offer a comprehensive range of services. These services include platform construction, integrated parking and charging operations, energy management, user engagement, and asset oversight. Through integrated innovation in big data, artificial intelligence, the Internet of Vehicles (IoV), and new energy technologies, the Company actively contributes to establishing a robust charging infrastructure network, promoting intelligent and environmentally friendly travel practices. To date, LongShine Group has initiated pilot projects or formulated collaboration plans in cities across Hubei, Jiangsu, Henan, Guangdong, and other provinces.

In the virtual power plant business, LongShine Group provides a distributed photovoltaic cloud platform equipped with comprehensive monitoring, intelligent alarm systems, AI fault diagnosis, big data analysis, and refined operation and maintenance capabilities, all supported by the Internet of Things technology for energy. This platform enhances power generation efficiency at power stations, ultimately aiming to reduce costs and increase efficiency. Additionally, leveraging the aggregation of distributed new energy sources and load resources such as electric vehicles, charging infrastructure, energy storage, and small to medium-sized industrial and commercial users, the Company engages in green electricity trading, market-oriented electricity sales, demand response, and integration of PV power generation, storage and charging via its Internet of Energy (IoE) platform. This has led to the establishment of a typical "virtual power plant" business model. LongShine Group has aggregated 820 distributed photovoltaic power stations for green electricity trading within the electric power market. Furthermore, the Company has obtained electricity sales licenses in 25 provinces and has acquired demand response or virtual power plant qualifications in provinces and cities including Jiangsu, Sichuan, Guangdong, and Shenzhen, among others.

PV power stations connected:

200,000

Installed capacity:

13.5 GW

Cumulative green electricity traded: More than

100 million kWh

Sustainable Development Management

Aligned with our mission to enhance the digital world through digitization, fostering greener, more practical, and energy-efficient energy consumption, we embed the principles of sustainable development into our business management practices. We actively strive to create economic, social, and environmental value for our customers, employees, investors, partners, and other stakeholders as we pursue sustainable development goals. To develop a strategic plan for sustainable development, oversee and guide the formulation and implementation of ESG objectives, and coordinate the management of ESG matters, the Company relies on a sustainable development management system. This system is overseen by the Board of Directors, guided by the ESG Working Group, and executed by relevant functional departments. By establishing a sustainable development management system, the Company aims to enhance performance in environmental, social, and corporate governance aspects, thereby elevating overall management standards.

LongShine Group's ESG Governance Structure

Board of Directors

ESG Working Group

Governance Group

- Securities Department
- Legal Affairs Department
- Accounting and Internal Control Department
- Qualification Management Deparment
- Safety and Quality Management Department
- Compliance and Supervision Department

Social Affairs Group

- Human Resources Department
- Public Welfare Service Department
- Brand Marketing Department
- Corporate Development Department

Environmental Affairs Group

- Procurement Service Department
- Administrative Department
- Operation and Management Department
- Information Technology Department
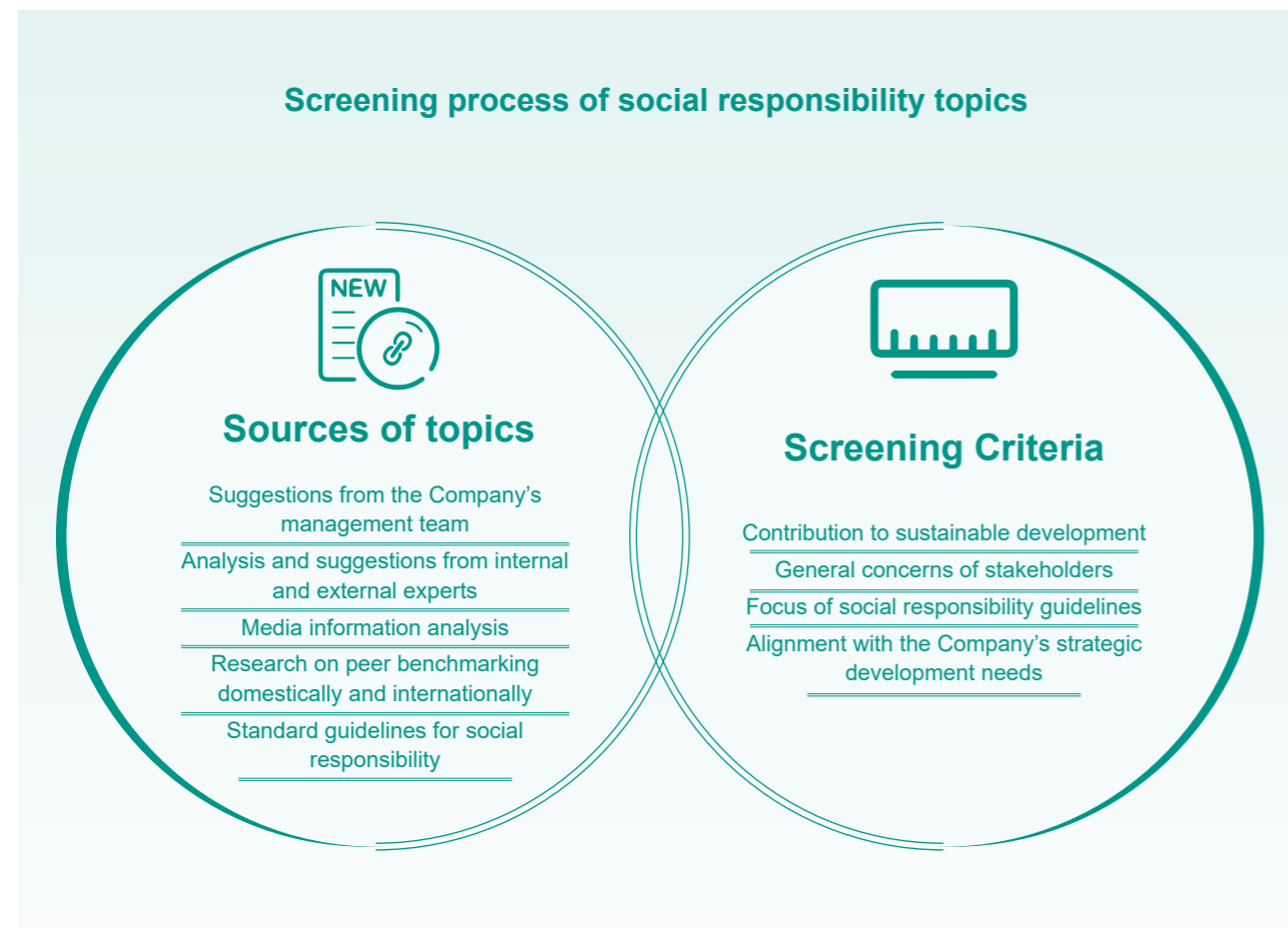
Stakeholders Communication

Stakeholder communication and engagement play an important role in achieving sustainable development. Recognizing the unique characteristics of our company and the dynamics of the market, we identify and engage both internal and external stakeholders. Through channels such as performance presentations, shareholders' meetings, participation in investor seminars, and hosting visiting investors from the Chinese mainland and overseas, we proactively communicate with both internal and external stakeholders. Our aim is to establish long-term mutual trust and partnerships with all relevant parties, ensuring an inclusive and balanced approach to addressing substantive issues.

To facilitate open dialogue, the Company provides direct communication channels for stakeholders worldwide. Any party interested in our business and development can reach out to us directly at ir@longshine.com. We highly value the concerns and suggestions of all stakeholders and are committed to responding promptly and appropriately to their feedback.
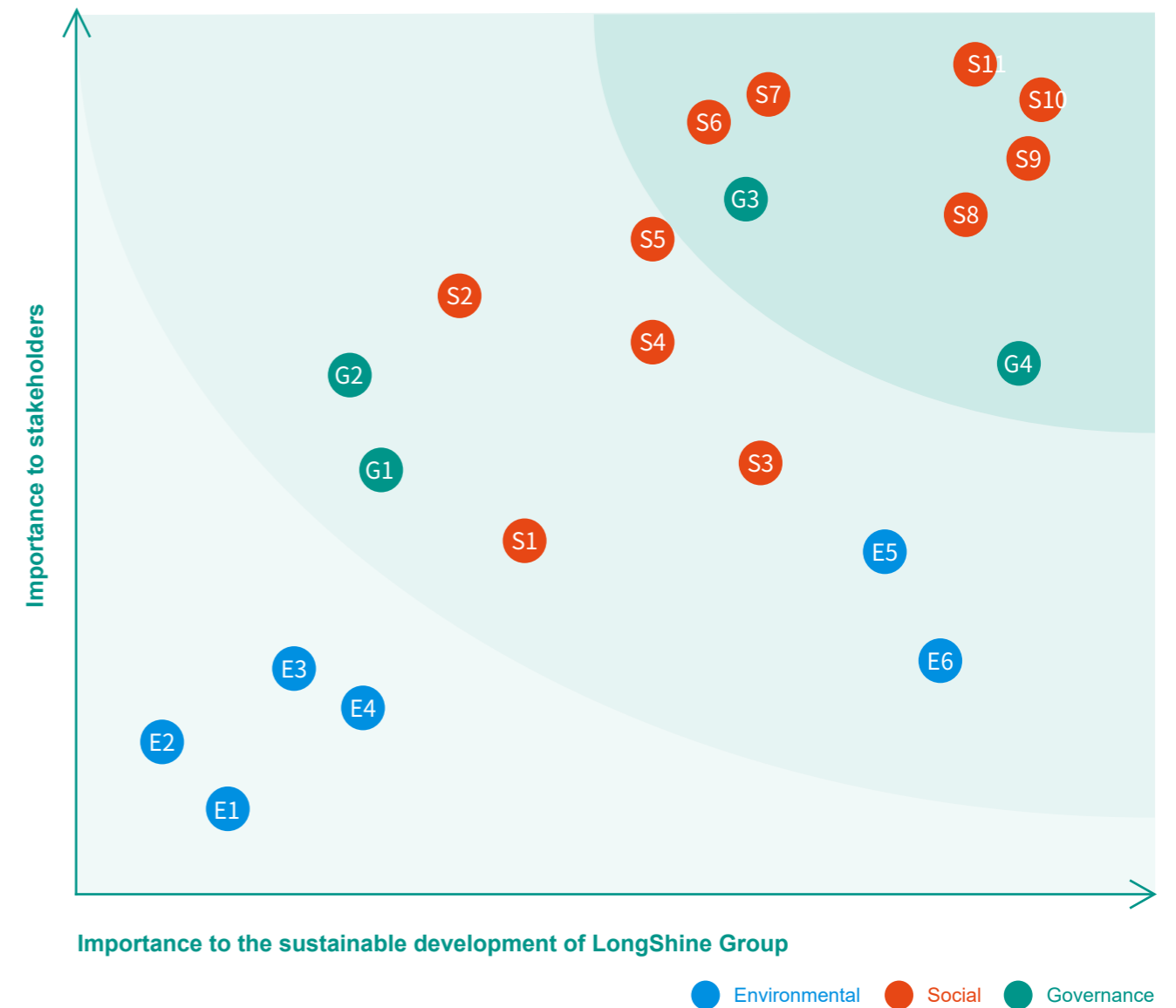
Stakeholders	Issues of concerns	Response channel	Communication effectiveness
Government and regulatory authorities	• Lawful operation • Pay taxes according to law • Increase employment opportunities • Promote sustainable and sound economic development	• Daily report and communication • Special research and onsite 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 • Roadshow • Investor conference • Shareholders' meeting	• Establish good relationships with investors • Improve investor trust • Obtain support from shareholders and investors in major decisions
Customers	• Stable product supply • High quality and safety products • Considerate and convenient service • Smooth communication channels	• Customer symposium • Telephone service hotline • Customer satisfaction survey	• Continuously improve the business according to customer feedback • Address customers' demands in an effective and timely manner • Constantly improve customer service
Business partners	• Fair procurement • Integrity 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 • Good career development platform • Work-life balance • Occupational health	• Staff congress • Complain 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 undertakings	• 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 relations 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 • Communication with environmental protection organizations	• Practice energy conservation and emission reduction plan • Launch environmentally friendly products

Determination of Material Issues

By incorporating input from the Company's management team, conducting peer-to-peer benchmarking research domestically and internationally, analyzing media information, and conducting on-site research, LongShine Group gains valuable insights into stakeholders' concerns, expectations, and requests regarding the Company's sustainable development efforts. Through a rigorous screening process, we have identified material issues spanning the three dimensions: governance and economy, society, and environment, forming an issue tank.

Screening process of social responsibility topics

Sources of topics

NEW

Suggestions from the Company's management team

Analysis and suggestions from internal and external experts

Media information analysis

Research on peer benchmarking domestically and internationally

Standard guidelines for social responsibility

Screening Criteria

Contribution to sustainable development

General concerns of stakeholders

Focus of social responsibility guidelines

Alignment with the Company's strategic development needs

We have prioritized the sustainable development issues of LongShine Group by considering ESG rating indicators in the capital market, the evolving trends in the software service industry, the Company's development priorities, and input from internal and external stakeholders. We have also assessed the importance that stakeholders place on these sustainable development issues. As a result, we have determined the extent and scope of disclosure for these issues. Based on this analysis, we have created an analysis matrix outlining the material issues surrounding LongShine Group's sustainable development efforts.

Importance to stakeholders / Importance to the sustainable development of LongShine Group

● Environmental　● Social　● Governance

Low-importance issues	Moderately important issues	Highly important issues
E1 Pollutant discharge	E5 Low-carbon products	S6 Privacy and information security
E2 Greenhouse gas emissions and management	E6 Green operation	S7 Employee rights protection
E3 Resource utilization	S1 Supplier management	S8 Employee training and education
E4 Addressing climate change	S2 Occupational health and safety	S9 Leading industry development
	S3 Social welfare	S10 Exceptional customer service
	S4 Intellectual property protection	S11 Product R&D and innovation
	S5 Employee care	G3 Operational compliance
	G1 Anti-corruption	G4 Corporate governance
	G2 Communication with stakeholders	

01

Build a Green Home Driven by Scientific and Technological Innovation

As a leading energy technology enterprise, LongShine Group is at the intersection of the digital revolution and the energy revolution. We leverage cutting-edge technologies, including digitization, intelligent systems, the Internet of Things (IoT), electric power, and electronics, as well as a platform operation model, to continually drive the transformation and advancement of the energy industry toward green and low-carbon development. We are committed to enhancing energy supply efficiency, optimizing operations, and promoting greener energy consumption!

● Facilitate Digital Transformation of the Energy Sector

● Offer Convenient Energy Services

● Explore Low-carbon Paths

Facilitate Digital Transformation of the Energy Sector

LongShine Group boasts over 26 years of experience serving the energy sector. In the electric power industry, we deliver comprehensive solutions, including core power service systems, to key corporate clients such as State Grid and China Southern Power Grid. Our reach extends to over 460 million electric power end-users across 25 provinces, autonomous regions, and municipalities directly under the central government. In the gas industry, we provide core system solutions to renowned enterprises such as China Resources Gas and China Gas. Continuously broadening our clientele in the energy sector, we offer digital energy products, solutions, and SaaS services to both traditional and new energy power generation entities. Leveraging extensive business acumen and top-notch technical services, LongShine Group has solidified and continually maintains a leading position in the realm of energy digitization.

Marketing Business Application System

LongShine Group has developed a new marketing business application system tailored for the electric power industry. Drawing from innovative industry practices, typical experiences, and development trends of energy public utilities, this product embodies advanced service concepts and leverages information and communications technologies (ICT) such as Internet+, cloud computing, big data applications, the Internet of Things (IoT), mobile applications, and artificial intelligence. The system encompasses various marketing business areas including customer service, meter reading management, electricity bill accounting, business expansion management, metering management, power sales, line loss management, electricity consumption inspection, file management, and auxiliary analysis and decision-making. Furthermore, the system seamlessly integrates with corporate internal systems like distribution network production, power grid scheduling, personnel and property ERP, while also establishing connections with banks and other collection agencies to effectively broaden external online service channels such as Alipay and WeChat. Designed to enhance modern electric power marketing and operational capabilities, the system prioritizes information sharing, business synergies, convenient services, real-time online management and control, as well as automated and intelligent analysis and decision-making functionalities.

Case **Nepal Project**

LongShine Group cooperated with the Nepal Electricity Authority (NEA) to establish a national electricity marketing system aimed at enhancing the electricity consumption experience for Nepal's 6 million users. This comprehensive system includes functions such as meter reading management, billing management, access management, energy audit, customer relations, mobile applications, and customer service systems. The objective is to achieve "five major integrations" within the application system, namely application system, data structure, business processes, business processing, and management standards.

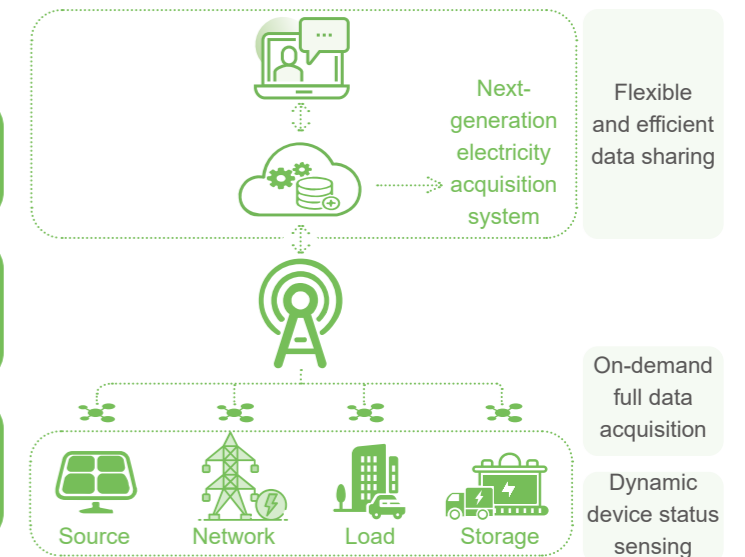## Gas Customer Information Management System

The gas customer information management system is a large-scale intensive software platform boasting over 1,000 functions, catering to various aspects including market development, business processing, contract management, customer file management, meter reading management, card management, gas price administration, billing, payment, arrears tracking, reminders, bill management, accounting, value-added services, meter management, security, maintenance, supervision, control, and call center operations. This extensive platform facilitates mobile office functionalities such as mobile meter reading, security checks, maintenance, and work orders. Additionally, it offers internet access through online business portals, mobile business portals, WeChat official accounts, and Alipay service channels. Furthermore, the platform seamlessly integrates with peripheral applications related to human resources, materials, finance, engineering, and operations.

Next-generation Electricity Acquisition System

The next-generation electricity acquisition system is highly adaptable, and capable of interfacing with diverse equipment associated with electricity source, network, load, storage, and utilization. Centered around the core principles of "on-demand data acquisition, dynamic device status sensing, and flexible and efficient data sharing", the system enables seamless integration with various equipment types and comprehensive acquisition and control of electricity. It is designed to fulfill data and operational requirements across all levels of power grids, thereby facilitating energy and digital transformation initiatives.

Digital service capabilities

Using distributed technology to support access to 1-million-level source, network, load, storage terminals of different types and protocols.

Supporting customized, minute-level acquisition and second-level control of full data and multi-dimension control modes including orderly power consumption and new energy management.

Massive data analysis capabilities to achieve minute-level response control and judgement of power outage and support trading decision-making on electricity purchase and sales in the market.

Next-generation electricity acquisition system

Flexible and efficient data sharing

On-demand full data acquisition

Dynamic device status sensing

Source   Network   Load   Storage

Integrated Energy Service Platform

The integrated energy service platform facilitates regional-level energy management by leveraging real-time acquisition and monitoring of integrated energy consumption data (including electricity, water, gas, heat, etc.) at the equipment level. This enables the establishment of digital business services capabilities such as intelligent operation and maintenance, energy efficiency management, demand response, and multifunctional synergies for equipment, systems, customers, industrial parks, and regions. With its robust big data capabilities, the platform can extend application scenarios to include energy utilization optimization, energy efficiency services, and the development of virtual power plants.
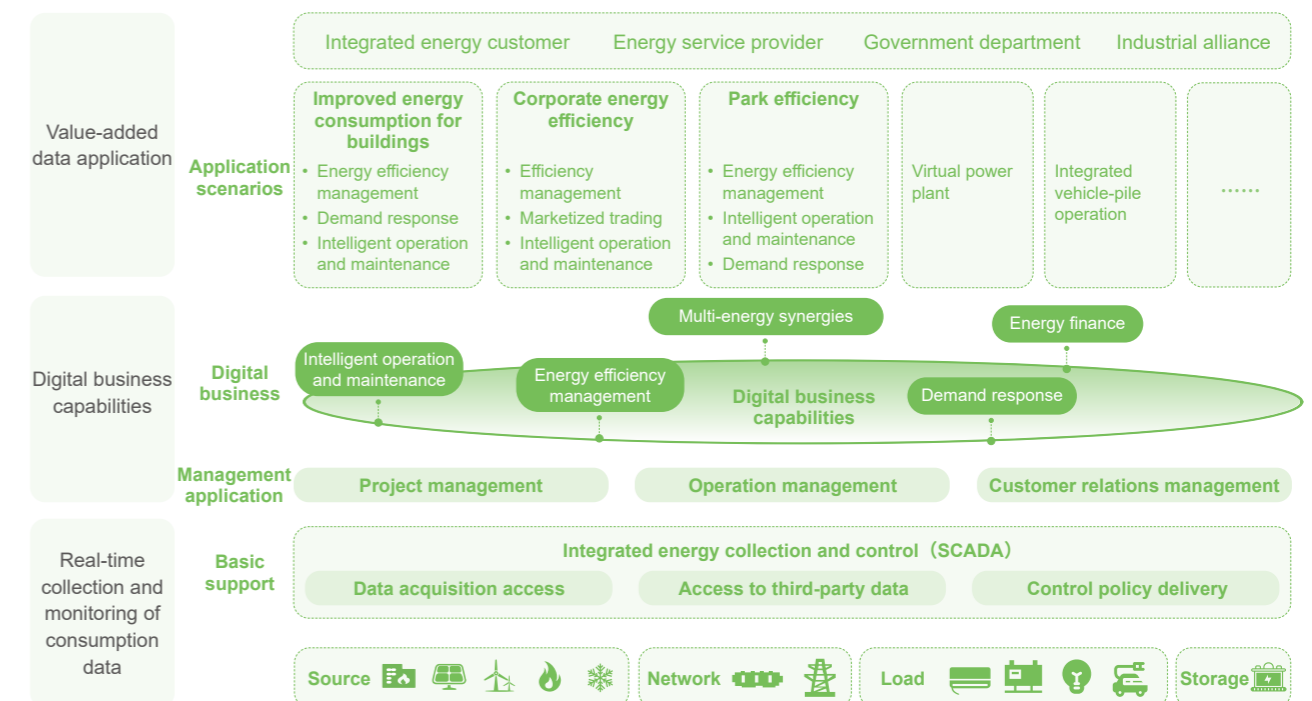
Offer Convenient Energy Services

For over a decade, LongShine has been a trailblazer in delivering groundbreaking services in the Internet of Energy (IoE) sector. Through strategic adoption of digitization, intelligent technology, Internet of Things (IoT), and other cutting-edge technologies, along with a platform operation model, LongShine is committed to developing innovative scenarios across various energy services. These include utility payment solutions, aggregated electric vehicle (EV) charging, integration of new energy vehicles, advancements in the new energy industry, smart highway infrastructure, and utilization of cloud computing technology, alongside the establishment of virtual power plants. The overarching objective is to enhance energy supply efficiency, elevate operational intelligence, and promote environmentally friendly consumption practices.

Utility Payment

LongShine Group is dedicated to fulfilling its mission of "providing considerate public services to everyone" and "promoting energy conservation in every household". To achieve this, the Company has developed an online utility payment platform offering a variety of convenient services. This platform allows the majority of the public to inquire about bills, make online payments, request business changes, and access other services without needing to leave their homes. Additionally, LongShine Group provides a comprehensive range of Internet products and operational services to hundreds of public utility providers in the water, electricity, and gas sectors. This assistance helps them undergo Internet-based transformations, reshape business processes, enhance service experiences, and improve digital operational and management capabilities. Regarding international market expansion, building on the successful business experience in Bangladesh, the Company will focus on Southeast Asia and Africa in collaboration with Ant International. The aim is to promote and replicate mature domestic mobile payment products, technologies, and operational capabilities such as utility payment solutions.

Case   Bangladesh Project

In 2023, LongShine Group exerted significant efforts to establish the UBP public payment platform in Bangladesh. Through deep collaboration with bKash, the country's largest electronic wallet provider, the Company aimed to offer local residents more convenient, environmentally friendly, and green online utility payment services. This initiative resulted in a notable 50% surge in monthly transactions. Simultaneously, the Company continued to explore markets in Indonesia and Saudi Arabia. Collaborating with local governments and enterprises in various sectors such as urban life and transportation, LongShine Group endeavoured to introduce smart and low-carbon living experiences to local communities.

Xindiantu

Drawing upon its strengths in business model innovation, technical prowess, operational strategies, services, and partner network, LongShine Group has prioritized the development of the "Xindiantu", a third-party aggregated charging platform that holds a prominent position in the public charging market. By consolidating industry resources such as charging operators and car service companies, the platform harnesses digital technologies to design the layout of the charging pile network and establish an "integrated national charging network".

With the continuous development of AI technology, LongShine Group's AI Research Institute has enhanced its AI capabilities based on existing products. In 2023, the Company integrated its self-developed, proprietary Large Language Model (LLM) for charging into the "Xindiantu" charging solution. This enhancement enables the platform to deliver three key functions: charging pile recommendation, site selection, and risk assessment. These digital and intelligent services cater to vehicle owners, simplifying and streamlining urban new energy transportation.

AI Charging Pile Recommendation — The platform utilizes a sophisticated charging Large Language Model (LLM) to analyze extensive data on vehicle owners, electricity consumption behaviors, and road traffic patterns. By establishing user travel profiles and traffic demand models, the platform predicts users' charging preferences, including time and location. Through intelligent computation, it recommends the most suitable nearby charging stations. This functionality alleviates concerns among new energy vehicle owners regarding battery range anxiety, ensuring a seamless journey experience.

Intelligent Site Selection — The platform utilizes a sophisticated charging Large Language Model (LLM) to analyze the diverse charging requirements of users, forecast the trajectory of charging demand growth, and integrate factors such as urban planning, traffic congestion areas, and user distribution into its computational model. This approach optimizes the placement of charging stations, maximizing space utilization efficiency, and mitigating conflicts between users' charging needs and inefficient charging station layouts.

Risk Assessment — The platform utilizes a sophisticated Large Language Model (LLM) for risk assessment, intelligent diagnosis of the health of equipment at charging stations, real-time detection of the operational status of charging equipment, stations and vehicles, as well as risk prevention and control by means of early warning and abrupt suspension in case of high risks.

▶▶ "Xindiantu" charging pile

▶▶ "Xindiantu" web page display

2023 Best Operation and Service Innovation for Charging and Swapping Award

2023 Top 50 Operators in Charging and Swapping with the Highest Brand Value

2023 China International Electric Vehicle Charging and Swapping Industry Conference and China International Electric Vehicle Supercharging Industry Conference

New Smart TV

LongShine Group has developed an integrated TV platform called "YSTEN" and created a new smart TV operation model based on Internet TV and IPTV. Collaborating closely with telecommunication and radio-television operators, the Company has intensified research and development efforts in core technologies such as cross-screen services, intelligent terminals, and artificial intelligence. This collaboration aims to integrate new media, technologies, business formats, content, and channels to cater to the evolving needs of TV users. As a leading technology and operational service provider in the industry, YSTEN is dedicated to upholding business standards, ensuring efficient operations, and delivering a seamless user experience. By prioritizing responsible content dissemination, system maintenance, high-quality after-sales service, and consumer rights protection, the Company has fostered strong partnerships with operators and consumers. This approach aims to cultivate an open and sustainable pan-screen Internet business ecosystem.

Integrated Operation
Product with large bearing capacity
Unified product system
Unified user experience

Intelligent Operation
Accurate matching
Recommendation by time and group
Real-time data analysis

Closed-loop Operation
Data-driven and closed-loop empowerment

TV Family TV Service

AI AI Service for TV

**Value-added Services for Family Scenarios**

Explore Low-carbon Paths

In 2023, LongShine Technology Industrial Park commenced operations, marking our commitment to establishing it as Jiangsu Province's first zero-carbon industrial park. Anchored in the momentum generated by energy digitization and the Internet of Energy (IoE), the Company continues to spearhead innovation in integrating new energy vehicles, the new energy industry, smart highway infrastructure, cloud computing technology, virtual power plants, zero-carbon industrial parks, and urban energy and carbon management system. This strategic direction positions us to seize new opportunities of the era. Our objective is to aid customers and partners in creating low-carbon and environmentally friendly working and living environments. Through the development of a green industrial park, we aim to contribute significantly to the national objectives of carbon peaking and carbon neutrality.

Ecology of "Integrated New Energy Vehicles, New Energy Industry, Smart Highway Infrastructure and Cloud Computing Technology"

LongShine Group's solution, "Integrated New Energy Vehicles, New Energy Industry, Smart Highway Infrastructure, and Cloud Computing Technology", places a strategic focus on urban charging and swapping infrastructure. By leveraging urban transportation stations and spaces as primary scenarios and utilizing a micro-network of distributed power generation and consumption, this solution facilitates interaction among end-users, power grids, and the market. In the key scenario of vehicle-network interaction, the Company aggregates charging pile resources to operate as a virtual power plant operator, targeting the power regulation market. Our efforts are directed towards exploring and establishing a trading mechanism for virtual power plants that facilitate seamless interaction between vehicles and the power network.

At present, LongShine Group is assisting Wuhan and other cities in building an integrated network of PV power generation, storage, parking and charging based on a Big Data site selection model and a platform operation model. By addressing energy strategy formulation amidst uncertainties and providing guidance on random charging behaviors, we aim to optimize the advantages of integrated PV power generation, storage, and charging. This approach facilitates the promotion of green electricity consumption through enhanced interaction between vehicles and the power network.
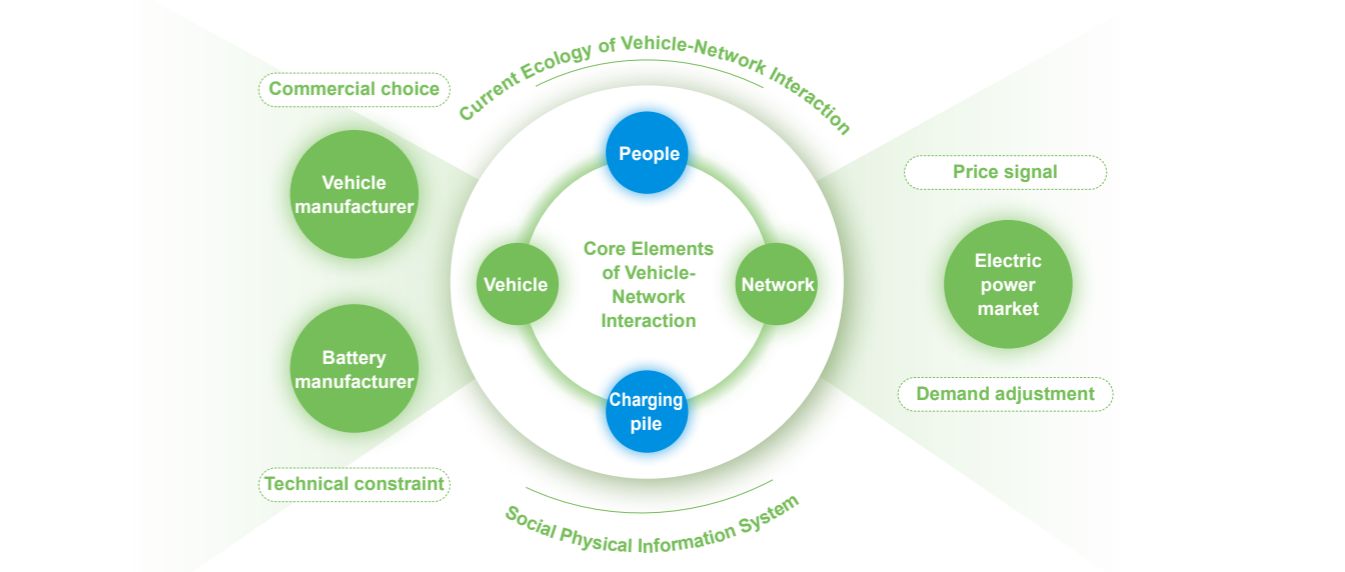
Case Wuhan's Project of "Integrated New Energy Vehicles, New Energy Industry, Smart Highway Infrastructure and Cloud Computing Technology"

LongShine Group and Wuhan East Lake High-tech Zone jointly developed the "Integrated Traffic Management Service Platform for the East Lake High-tech Zone". The platform focuses on urban parking, new energy vehicle charging and public travel scenarios, aiming to build an "integrated travel and transportation network". On this basis, the platform integrates various energy elements such as distributed photovoltaic and energy storage in East Lake High-tech Zone, to simultaneously build an "integrated energy network". The Company aims to achieve upgraded green urban transportation by establishing a collaborative operation platform for urban transportation and energy, and creating new service scenarios such as integrated PV power generation, storage and charging, microgrids, virtual power plants, and carbon asset development.

Virtual Power Plants

Harnessing the Internet of Things (IoT) technology tailored for the energy sector, LongShine Group offers a distributed photovoltaic cloud platform equipped with comprehensive monitoring, intelligent alarm systems, AI-driven fault diagnosis, big data analysis, and refined operation and maintenance capabilities. This solution aims to bolster power generation efficiency, curb costs, and enhance overall efficiency. Meanwhile, leveraging the aggregation of numerous distributed new energy and load resources such as electric vehicles, charging infrastructure, energy storage systems, and small to medium-sized industrial and commercial users, the Company is actively involved in green electricity trading, market-based electricity sales, demand response initiatives, and integrated PV power generation, storage, and charging through its Internet of Energy (IoE) platform. As a result, a distinctive "virtual power plant" business operation model has emerged.

Case   **LongShine PV Monitoring, Operation and Maintenance Management Platform**

The LongShine PV monitoring, operation and maintenance management cloud platform follows the value concept of "making power generation more efficient", and uses technical means such as the Internet of Things (IoT) and big data to provide integrated services to PV power stations. These services encompass electricity acquisition, monitoring, operation and maintenance, management, analysis, reporting, revenue management, and bill management. The platform can continuously enhance the power generation efficiency and improve operation and maintenance at PV power stations. Through connections with the industry, it can empower a wide variety of customer scenarios. The platform boasts outstanding advantages such as security, massive data, connectivity, flexibility and openness.

▶▶ LongShine PV Monitoring, Operation and Maintenance Management Platform

Case   **Virtual Power Plant Operation**

In the Shenzhen Virtual Power Plant Management Center, LongShine Group relies on the self-developed virtual power plant platform, covering PV power generation forecast, flexible adjustable load forecast management, comprehensive charging pile operation, and integrated energy storage operation. The first phase of the platform aggregates 14 charging stations and 4 energy storage stations, with an access resource capacity of more than 50MW. The platform participates in the regulation of the Shenzhen power grid on a regular basis.

Charging stations:
14

Energy storage stations:
4

Capacity of connected resources:
over **50** MW

In Jiangsu Province, the virtual power plant of LongShine Group was involved in the medium and long-term auxiliary service transactions of Jiangsu Province. Based on market demand and energy resources of LongShine Technology Industrial Park, the virtual power plant used AI algorithms to generate the optimal adjustment plan, and intelligently controlled the participation of energy storage equipment, air conditioners and charging piles in transaction response. The adjusted electricity totaled 7.65MWh, earning more than RMB18,000.

Total electricity volume adjusted:
7.65 MWh

Revenue: more than RMB
18,000

Zero-carbon Industrial Park

As the most representative construction project in Wuxi Zero-carbon Industrial Park, LongShine Technology Industrial Park has emerged as a pioneer in green and low-carbon development, leveraging digital technology as a key driver and fostering synergies throughout the industrial chain. The self-developed energy and carbon management system serves as the backbone for establishing a comprehensive closed loop of energy flow within the park, encompassing "green power generation - storage - consumption". This system plays a pivotal role in promoting efficient, safe, and reliable clean energy recycling. With its advanced capabilities, the energy and carbon management platform can accurately monitor the generation and consumption of green electricity, as well as the status of power storage and an overall reduction in carbon emissions within the park, in real time. Furthermore, leveraging AI-driven big data analysis, the platform can forecast energy demand and carbon reduction trajectories across various time intervals. This enables the formulation of intelligent strategies and recommendations to optimize digital energy and carbon management practices. Based on demand response, the energy and carbon management platform can be used as a scheduling node to realize the dynamic balance calculation of power reserve between the park and its surrounding areas and the city where the park is located, and participate in the city's virtual power plant business and urban traffic scenarios.

Case   **Concerted Efforts to Build the Qinghai Zero-carbon Industrial Park**

LongShine Group will leverage digital technology, multi-scenario application practices, and its overall human resource capabilities to collaborate with Qinghai Haidong Industrial Park. Together, we aim to establish a new model of "interlocking" collaboration characterized by win-win industrial development, platform sharing, and emotional alignment. Through joint efforts, we will explore the construction of zero-carbon industrial parks within the context of "carbon peaking and carbon neutrality". We will take the initiative in building a zero-carbon technology cluster and pilot demonstration zone that integrates energy supply, industrial development and carbon emission management, aiming to create a new model of cooperation between East China and West China.

Urban Energy and Carbon Management System

LongShine Group has developed a digital service platform for energy and carbon operation and management, setting a new benchmark for "digital carbon control". This innovative platform, guided by energy consumption and carbon emissions indicators, formulates periodic governance plans to support government efforts in energy and carbon control. Furthermore, it assists enterprises in achieving their respective goals in these areas. By driving the low-carbon upgrading of the industry, the Company aims to empower green and low-carbon development.

Case   **"Ganquan Cloud" Enables Green Development of Industrial Parks**

LongShine Group has developed the "Ganquan Cloud" digital service platform for energy and carbon operation and management for Xinjiang Ganquanbao Economic and Technological Development Zone. It is a digital energy management platform that covers five service systems: low-carbon service, integrated energy and carbon management, energy operation services, integrated energy services and green development services. The platform uses AI tools to record water, electricity, heat, gas and other energy data in the zone, analyzes its carbon emissions, trend changes, and carbon emission structure data, and finally generates energy utilization suggestions and carbon reduction strategies for the zone.

In 2023, the "Ganquan Cloud - Energy and Carbon Digital Solution in the Context of Carbon Peaking and Carbon Neutrality" jointly developed by Xinjiang Ganquanbao Economic and Technological Development Zone and LongShine Group was honored with the Excellence Award of the National New Emerging Group in the 5th China Industrial Internet Contest (Xinjiang).

▶▶ Award Ceremony

02

Adhere to Compliance to Ensure Steady Operation

LongShine Group firmly believes that good corporate governance is essential for sustainable value creation. We are committed to strengthening corporate governance, continually enhancing its quality and efficiency, bolstering internal risk control, adhering to business ethics, and ensuring information security. These efforts are aimed at guaranteeing the steady and efficient operation of the Company.

- Improve Corporate Governance
- Strengthen Compliance
- Guarantee Information Security

Improve Corporate Governance

LongShine Group strictly abides by the requirements of 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 *Shenzhen Stock Exchange Guidelines for Self-regulation of Listed Companies No.2 - Standardized Operation of Listed Companies on the Growth Enterprise Market*, and other relevant laws, regulations and normative documents. We continuously enhance our corporate governance mechanism to protect the rights and interests of investors while also accommodating and balancing the Company's operational prospects with shareholders' return on investment.

Three-Meeting Operation

LongShine Group has established a legal and operational structure in accordance with the requirements of laws, regulations, and normative guidelines issued by the China Securities Regulatory Commission and the Shenzhen Stcok Exchange. We constantly improve the composition of the shareholders' meeting, the Board of Directors, the Board of Supervisors, and senior management. The proportion of women on the Board of Directors, the Board of Supervisors, and senior management continued to increase.

Corporate Governance Structure
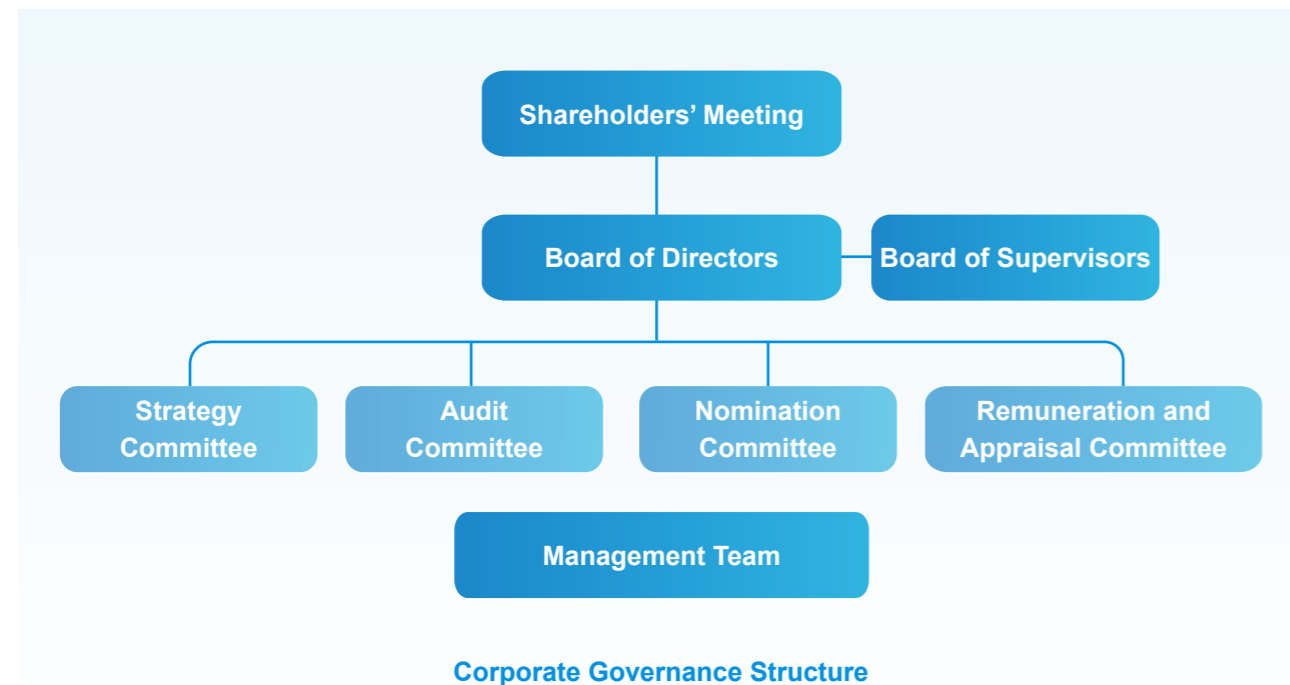
Shareholders' Meeting

Shareholders' meetings represent 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' meetings, the Company convenes shareholders' meetings and upholds the principle of equality among all shareholders. To safeguard the legitimate rights and interests of all shareholders, particularly small and medium-sized shareholders, we engage legal professionals to witness the meetings. Throughout the reporting period, the Company convened five shareholders' meetings.

Throughout the reporting period, the Company convened

5 shareholders' meetings

Board of Directors

As the primary decision-making body responsible for the Company's daily management, the Board of Directors operates in strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Shenzhen Stock Exchange Guidelines for Self-regulation of Listed Companies No.2 - Standardized Operation of Listed Companies on the Growth Enterprise Market*, and the *Articles of Association*, the *Rules of Procedure of the Board of Directors* and other rules and regulations, to convene and conduct Board meetings. Directors, with an average tenure of 4.55 years, are elected or replaced by the General Meeting of Shareholders and may be reelected at the end of their term. The Board of Directors diligently fulfills its obligations to foster the Company's growth and safeguard shareholders' rights and interests. It ensures the implementation of resolutions approved at shareholders' meetings and oversees the Company's daily operations to foster steady, efficient, and long-term growth. Throughout the reporting period, the Company convened 14 meetings of the Board of Directors.

The Company places significant emphasis on diversity in the composition of the Board of Directors, striving to enrich the diverse backgrounds of its members and enhance the Board's competency and overall governance level. At present, the Board comprises eight directors, including three independent directors, with two female directors, accounting for 25% of the total board membership. Board members possess extensive industry expertise, professional financial audit experience, or substantial corporate management experience, providing a robust foundation for fulfilling their duties effectively.

The Board of Directors consists of the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. Board members hold the following positions in the various committees.

Board Member	Gender	Independent Director or not	Strategy Committee	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee
Xu Changjun	Male	No	√			
Zhang Mingping	Male	No			√	
Zheng Xinbiao	Male	No		√		
Peng Zhiping	Male	No				√
Ni Xingjun	Male	No	√			
Lin Le	Female	Yes	√	√	√	
Lin Zhong	Male	Yes		√		√
Yao Lijie	Female	Yes			√	√

Board of Supervisors

As the Company's decision-making supervisory body, the Board of Supervisors operates in strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, and the *Articles of Association*, the *Rules of Procedure of the Board of Supervisors*, and other rules and regulations. It independently and impartially oversees the Company's operations, fully safeguarding the legitimate rights and interests of both the Company and its shareholders. To ensure the independence and impartiality of their duties, the Company's Board of Supervisors comprises three supervisors (two female supervisors), including one employee representative supervisor. In 2022, the Company's Board of Supervisors held 11 meetings.

Investors' Rights and Interests

LongShine Group adopts an investor-oriented approach, consistently enhancing investor returns through measures such as cash dividends, buyback cancellations, and other methods, all while prioritizing sustainable profitability and strengthening the foundation for investor returns. We place significant emphasis on addressing investor concerns and have established various communication channels to strengthen our relationships with investors. This ensures that all investors have equal access to information and upholds their legitimate rights and interests.

Shareholders' Return

LongShine Group pays attention to the opinions of shareholders and protects their interests. In drafting the shareholder return plan, the Company thoroughly considers input from shareholders, independent directors, and supervisors, with particular attention to feedback and suggestions from minority shareholders. In devising profit distribution policies, we prioritize the long-term interests of all shareholders, emphasizing cash dividends to ensure sustained and stable returns while promoting the Company's growth and benefiting shareholders. In 2023, the Company repurchased 11.147 million shares for cancellation, amounting to RMB229 million. Since its public listing in 2017, the Company has consistently distributed six consecutive cash dividends, totaling RMB456 million.

Investor Communication

LongShine Group places significant emphasis on fostering communication and interaction with investors, employing a diverse range of communication channels to engage with both current and potential investors. Alongside traditional avenues such as investor mailboxes, hotlines, and interactive platforms, we leverage new media and other platforms to establish open and transparent communication channels with investors. Additionally, the Company organizes regular performance exchange meetings and roadshow activities to facilitate in-depth exchanges with the market and investors. In 2023, we hosted an annual performance exchange meeting to promptly announce our annual performance to investors and the market, further strengthening communication with our investor base.

Strengthen Compliance

LongShine Group firmly believes that sound internal control is paramount to ensuring stable and effective corporate governance. In compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other pertinent laws and regulations, as well as adhering to the Basic Norms for Corporate Internal Control and other relevant guidelines, we have established an internal control system tailored to our operational and managerial needs. This system aims to regulate business conduct, mitigate operational risks, and ensure compliant operations of the Company.

Internal Control

In accordance with the Basic Norms for Corporate Internal Control and other relevant rules and regulations, LongShine Group has established an internal control system based on the actual operations of the Company. We continuously refine internal control policies to ensure legal compliance in operations and management, asset safety, the accuracy and integrity of financial reports and related information, as well as to enhance operational efficiency and performance. This framework also facilitates the implementation of our development strategy. In 2023, the Compliance and Supervision Department of the Company diligently reviewed and sorted through 38 newly promulgated and updated rules and regulations. Additionally, they conducted four specialized internal audit projects, issuing corresponding internal audit and investigation reports. Identified problems and risks were detailed in these reports, with relevant opinions, suggestions, and improvement measures communicated to internal audit subjects. Subsequently, the department completed the necessary risk prevention and rectification tasks.

Business Ethics

The Company has set up the Compliance and Supervision Department to conduct internal audits, and perform compliance and supervision work within the Company. to oversee internal audits and ensure compliance within the organization. This department comprises the internal audit and control team, compliance team, supervision team, and joint working group. We have designated internal control and compliance officers in all major business units to provide a reasonable guarantee for legal compliance, asset safety, financial reporting accuracy, and the integrity of related information pertaining to the Company's operations and management. This structure ensures that the Company's overall internal control is free from significant defects, thereby enhancing corporate governance and efficiency.

LongShine Group adheres strictly to rigorous standards of business ethics, fostering a culture of integrity and transparency. We are committed to cultivating a fresh, open, transparent, and welcoming business environment. The Company has established and consistently enforced the Anti-Commercial Bribery System and the Integrity and Compliance Management Regulations. These regulations outline detailed requirements concerning procurement, conflict of interest, violation reporting, anti-corruption measures, fair competition, information confidentiality, and other relevant aspects of our operations and management. Furthermore, we require employees to sign the Integrity Commitment. These initiatives are aimed at continuously enhancing the Company's business ethics management. In 2023, the Company reported no corruption-related litigation cases throughout the year.

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Since its public listing in 2017,

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RMB**456** million

Declaration of Conflicts of Interest

According to the Company's Integrity and Compliance Management Regulations, employees in key positions are expected to set an example by upholding integrity and compliance. They are required to report conflicts of interest (including potential conflicts of interest) to the Company annually in writing. In 2023, a total of 2,098 key employees fulfilled this obligation by completing the regular declaration of conflicts of interest. Among them, 63 employees proactively disclosed a total of 89 foreign investment and employment items.

Supervision

The Supervision and Compliance Department receives reports on integrity and compliance matters, conducts investigations and collects evidence, carries out anti-corruption investigations, and organizes publicity and education activities. LongShine Group investigated and addressed six cases of employee violations. These investigations underscore the Company's commitment to fostering a culture of integrity and combating corruption, demonstrating our unwavering zero-tolerance stance towards employee misconduct.

▸▸LongShine Group joined the Trust and Integrity Enterprise Alliance

In 2023, LongShine Group officially joined the Trust and Integrity Enterprise Alliance and took an active part in an array of training and exchange activities organized by the alliance to jointly create a sound and transparent business environment.

LongShine Group organizes publicity campaigns and training programs both online and offline to foster the concept of integrity and compliance. Online, the Company gave a series of publicity lectures themed "Integrity and Compliance in LongShine Group" via its intranet, and published articles related to integrity and compliance on the "LongShine Family" public account, including the Accident Triggered by Two Bottles of Good Wine and Proactively Declaring Conflicts of Interest with Caution. A wide variety of novel publicity means have been taken to promote and popularize knowledge about integrity. In addition, the Company also actively organizes offline publicity activities on integrity and compliance, such as those for employees in Zhongchang Technology and Shandong Center, to further popularize the concept of integrity and compliance.

Case | **Lectures on Integrity and Compliance**

In March 2023, the Compliance and Supervision Department of LongShine Group gave publicity lectures on integrity and compliance both online and offline for all employees of its subsidiary Zhongchang Technology, to popularize the Company's integrity and compliance requirements to employees.

▸▸Integrity and compliance publicity lecture

The Company facilitates various reporting channels, including letters, visits, telephone reports, and online platforms, and provides contact details such as reporting telephone numbers, email addresses, and online channels to ensure seamless reporting processes. We exercise disciplinary functions in accordance with the *Integrity and Compliance Management Regulations*. During investigations, employees strictly adhere to confidentiality and avoidance protocols, limiting access to information and clues related to reports and prohibiting their unauthorized disclosure. No one is allowed to access clues without approval. We strictly safeguard information about whistleblowers and control the verification process to ensure the safety of whistleblowers and prevent retaliation.

Integrity and Compliance Reporting Center of LongShine Group

📍 Address
Building No. 1, 118 Jinghui East Road, Xinwu District, Wuxi City, Jiangsu Province

✉ Reporting email
compliance@longshine.com

📞 Reporting hotline
0510-66676900

Reporting via DingTalk
Mobile DingTalk APP-LongShine OMS-Integrity Reporting

Guarantee Information Security

In the digital era, ensuring sustained operation and long-term development requires LongShine Group to effectively protect the legitimate rights and interests of users and enterprises, comply with regulatory requirements, and establish a comprehensive and reliable information security guarantee system. The Company has made continuous progress in building a security system and implementing targeted improvements in basic capabilities, product safety, service security, data security, and comprehensive management capabilities. Additionally, adhering to the spirit of innovation and leveraging ISO 27001 information security management system certification and a series of CCRC information security service certifications, we have introduced advanced technical tools and management processes. Our commitment remains steadfast in providing customers with high-quality, safe, and reliable products and services.

Security System Building

LongShine Group strictly abides by the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, *Information Security Technology and Personal Information Security Specifications* and other laws and regulations. We have advanced the construction of an information security management system, actively managing and enhancing the Company's security posture in a dynamic, comprehensive, effective, and sustained manner. These efforts are aimed at ensuring the security and stability of the Company's overall operations.

In 2023, the Company restructured its organizational structure for safety management, establishing the Safety and Quality Management Department. Within this department, the Safety Management Office was created to oversee safety management, technical system construction, safety internal control, capability enhancement, and culture development across the Company and its subsidiaries.

The Company has conducted comprehensive reviews of security-related laws, regulations, and standards. Drawing from our operational characteristics and business development, we have formulated and refined a series of rules, regulations, and standardization documents. Examples include the *Security Management Measures for Data Utilization*, *Data Security Responsibility Statement for Key Positions*, and *Compliance Checklist for Personal Information and Data Security*. These initiatives are designed to further enhance the Company's information security compliance system.

In 2023, the Company revised and refined the *Safety Performance Assessment Standard Form and the Internal Working Mechanism for Safety and Quality Accident Investigation*. We integrated the results of project safety testing into the department's annual performance assessment index system in compliance with relevant regulations. Additionally, we disseminate safety testing information to safety specialists and department heads of all departments thrice annually. These measures aim to ensure that assessment indicators are more rational and that safety initiatives receive heightened attention from all departments.

Personal Information Security

The Company has processed personal information in strict compliance with the provisions of the *Civil Code*, the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations on personal information protection, following the principles of legality, legitimacy and necessity. To regulate our personal information processing activities, we formulated the *Management System for Personal Information Protection*, the *Assessment System for Personal Information Protection Impact*, the *Personal Information Power Response Mechanism*, and the *Employee Information Protection System*. Our procedures dictate that prior to collecting personal information, the individual should be informed about the processing activities and provide explicit authorization and consent. Moreover, only the minimum necessary information is collected. The Company strictly implements organizational and technical measures related to personal information protection and conducts impact assessments of personal information protection. Employees receive regular training and education on personal information protection, conducted annually or in case of significant changes to the Company's personal information security system.

Product and Service Safety

LongShine Group attaches full importance to data security and the protection of personal privacy. The Company has developed the *Sensitive Information Desensitization Standards and the Standards for Source Code Security Management*. These standards mandate that all Internet product development departments undergo training and integrate these regulations into their development and design standards. We emphasize the desensitization of sensitive information and the encryption of important data during product design, functional testing, and product rollout safety testing stages. In 2023, the Company strictly adhered to the *Methods for Identification of Illegal Collection and Use of Personal Information via APPs*. We formulated the *APP Compliance Checklist and conducted self-checks*. Additionally, privacy compliance testing has been incorporated into the security development process of App mini programs. The Company conducts annual personal information security risk assessments on the Internet and important systems. We have standardized the processing of personal information in the collection, storage, use, sharing, forwarding and other links to protect the legitimate rights and interests of individuals and social public interests.

LongShine Group regards safety as the core consideration for product development and operation. Continuously enhancing product safety control is vital for ensuring product safety, building user trust, mitigating risks, and enhancing brand value. The Company has incorporated safety into the entire Product Lifecycle Management (PLM) process of product development. We have formulated and implemented the *Product Lifecycle Safety Management*, the *Third-party Product Safety Management System*, the *Third-party Product Safety Management Rules*, the *Project Safety Management Standard*s, and the *Operation Regulations on Product Roll-out Safety Inspection*. We have also improved the network security emergency plan for important system platforms, and continuously refined and improved security management measures to respond to changing security threats and challenges.

The Company has vigorously advanced the establishment and enhancement of the Product Lifecycle Management process for products manufactured by its subsidiaries. In 2023, it introduced the Xindiantu and Zhongchang SDL process systems, and enhanced the SDL process systems of Bangdao and LongShine data. These efforts aim to achieve more comprehensive safety management awareness throughout the entire product lifecycle.

The Company has intensified product safety testing initiatives. In 2023, the Company provided repeated guidance on safety precautions and requirements. It adjusted the granularity of product safety testing from the project level to the project-product level, expanded the scope of product testing for baseline and online safety testing, and engaged in third-party safety appraisals. These measures encompassed comprehensive safety testing of products manufactured by its subsidiaries.

LongShine Group prioritizes the security control of Internet products every year. The Company has formulated and implemented the *Management System for Internet Business Services*. We have incorporated baseline and online safety testing of Internet products and services, as well as AB role penetration detection, into our protocols. These measures ensure that Internet products and services undergo inspection and audit by the security department before being listed and operated externally.

Digital Asset Security

LongShine Group strictly abides by the *Data Security Law*, the *Management Measures for Industrial and Information Data Security* and other data security-related laws and regulations. It has formulated and implemented the *Management Measures for Data Classification and Grading*, the *Management Measures for Data Utilization Security*, the *Management Measures for LongShine Group's Core Platform Data and Authority*, and the *Sensitive Information Desensitization Standards* to manage data security within the Company.

According to data confidentiality, LongShine Group has classified the Company's data into three levels: secret, internal and public. The Company has established specific requirements regarding the authorized use, storage, external transmission, destruction, and decryption of data at each level, while clearly defining the authority of core accounts to ensure comprehensive data security. Employees are required to adhere strictly to the Company's confidentiality regulations and exercise stringent management of confidential documents and content. Transmission, forwarding, or copying of the Company's secret information via emails is strictly prohibited without proper authorization. The Company mandates that data usage follows the "minimum necessity" principle and can only be provided with approval and authorization in place.

To standardize the authority of system management accounts on the Company's core platform, LongShine Group has outlined specific requirements regarding the authority and data management of these core accounts. These requirements are in accordance with the *Internal Management Standards and Norms of the Information Technology Department* and the *LongShine Group Core Platform Data and Authority Management Measures*. These measures are implemented to safeguard internal data security. To prevent the leakage of sensitive information, the Company has instituted various measures. These include conducting checks on office equipment and server terminals, encrypting and securely storing important sensitive data, revoking the account authority of departing employees, inspecting the computer room, and setting passwords for authorized accounts.

The Company's Information Technology Department employs various technical measures, including transparent encryption, cloud platform protection, and database backup, to uphold data security. Transparent encryption software enables real-time, intelligent encryption of any document, ensuring that encrypted documents cannot be accessed outside designated environments without authorization, thereby bolstering data security. In 2023, the transparent encryption project achieved full coverage throughout the Company. For cloud platforms, the Company strictly adheres to the principle of minimizing access authority and applies for access as needed. Additionally, cluster servers are backed up regularly, and the opening of ports to external networks is prohibited to maintain cloud platform security. The Information Technology Department conducts daily full data copies of systems such as Kingdee, operation, transparent encryption, among others, and monthly collective audit backups and regular data recovery tests to ensure the effectiveness and integrity of backup data.

Safety Inspection Audit

The Company implements internal control measures for information security across various facets, including security risk assessment, monitoring and inspection audits, early warning and rectification of vulnerabilities, Internet export control, security management of internal personnel and partners, and special initiatives addressing key security issues.

LongShine Group carries out annual inspections and reviews of network security and data security, identifying potential security risks at all levels and links while evaluating the Company's security capabilities. To bolster overall safety awareness and capabilities, LongShine Group conducted safety inspection audits of 19 units in 2023. Among these, 10 units were graded as excellent and 9 as well-performing. A total of 140 individuals were sampled, and 3,082 items were checked. In 2023, the Company reported no major information security incidents.

The Company has prioritized the protection of security vulnerabilities within projects. In 2023, it successfully identified and resolved over 130 security vulnerabilities through early warning systems and implemented 38 special rectification programs targeting high-risk security vulnerabilities. Notably, 100% of security loopholes and hidden dangers were effectively addressed.

In 2023, the Company launched 22 key special initiatives (including regular special initiatives) to enhance internal control of information security. These initiatives encompassed various aspects such as network, data, code, equipment, industrial park, and personnel security. Additionally, the Company continued to bolster security awareness and elevate security protection levels through proactive measures.

LongShine Group imposes stringent requirements on employees to safeguard data and information security. All employees are mandated to sign Confidentiality Agreements and Network Security Commitment Letters. Senior executives are required to sign the Network Security Responsibility Statement, while personnel in key positions are obligated to sign the Data Security Responsibility Statement. External

personnel are also required to sign targeted Security Responsibility Statements. Moreover, departing employees involved in crucial projects are obligated to sign Resignation Statements to ensure comprehensive protection of customer information security and privacy.

LongShine Group places significant emphasis on the information security management of its partners. The Company has developed and implemented Confidentiality Clauses within Third-party Security Contracts for Important Projects. Additionally, it has organized third-party developers to sign security commitments, and formulated security schemes. LongShine Group conducts reviews of third-party development access, such as the LongShine Industrial Park project system, the Jindie financial system, and the unified digital platform project. These reviews ensure that relevant security technical measures effectively address associated risks. Furthermore, the Company integrates the VPN of outsourced personnel into the zero-trust unified management and control system. It rigorously controls the authority of third parties to access the network and hosts, prioritizing data security when third parties are involved.

LongShine Group conducted safety inspection audits of

19 units in 2023

10 were graded as excellent

9 as well-performed

3,082 inspections were conducted

Safety Education and Training

LongShine Group places emphasis on fostering a corporate safety culture and encourages active participation and cooperation from employees, instilling the idea that safety awareness is a collective responsibility. The Company conducts ongoing security training and education programs to ensure that employees comprehend and adhere to security policies, enabling them to identify potential security threats and respond appropriately.

Proactively cultivating a safety culture, LongShine Group enhances employees' safety awareness through various initiatives such as safety publicity and Safety Month activities. In 2023, LongShine Group and Xindiantu initiated a series of Safety Month activities, including publicity campaigns, competitions, emergency drills, and training sessions. These activities aim to nurture employees' safety awareness, behaviors, and habits through diverse engagement opportunities. The Company also disseminates safety information and best practices through safety microjournals, safety awareness videos, and discussions on safety topics shared via the LongShine Knowledge Library. These efforts contribute to creating a positive safety culture and atmosphere within the organization.

Case | **LongShine Group's Safety Month Events**

June 2023 is a Safety Month of LongShine Group. During the month, the Company organized a series of activities such as safety knowledge competition, safety themed video and poster publicity, phishing email drill and emergency drill, "I have something to say about safety" discussion, and source code security management training.

- LongShine Group organized security themed video and poster publicity, focusing on security themes including "office environment security", "email security", "account password security" and "personal information protection". The event shared network security knowledge through vivid and interactive videos, contributing to building the security system. More than 500 students studied online in the cloud classroom.

- In the "I have something to say about safety" discussion, employees focused on discussions about safety issues, shared experiences and insights, and jointly explored best practices and safety strategies to improve safety awareness and skills. 434 people participated in the safety discussion.

- The Company conducted phishing email drills and emergency drills, and randomly sent 989 phishing emails. These drills helped employees improve their risk identification ability and learn how to cope with emergencies.

- The Company also organized source code security management training, which covered the importance and potential risks of source code security, and the Company's source code security management process, to enhance the security awareness of source code protection.

More than **500** students studied online in the cloud classroom

434 people participated in the safety discussion

朗新安全月
网络无边 安全有界
活动时间：2023年6月5日-6月24日

Security Management Effects

With the core objective of supporting and advancing business development, LongShine Group's security management system proactively aligns with national laws, regulations, and regulatory requirements. It encompasses all business and key areas in a comprehensive, systematic, efficient, and sustained manner, thereby furnishing a robust guarantee for the stable development and expansion of the Company's business endeavors. This approach has garnered high recognition and trust from our customers and partners. The Company has obtained the ISO 27001 information security management system certification and the Information Security Service Qualification (Security Integration, Software Security Development, and Security Operation and Maintenance).

▶▶ ISO 27001 information security management system certification

03

Adhere to Innovation

LongShine Group is committed to promoting an open and win-win business ecosystem while empowering enterprises to enhance efficiency through technology and business innovation. We strive to consistently enhance product quality, safeguard intellectual property rights, and establish responsible supply chains, thereby ensuring comprehensive quality assurance for our services and products.

- Adhere to Innovation
- Consolidate Quality Management
- Enhance Customer Service
- Build a Responsible Supply Chain

Adhere to Innovation

LongShine Group is dedicated to building a highly efficient quality system characterized by outstanding cost-effectiveness and value. The Company imposes rigorous standards on product quality, consistently strengthens R&D innovation capabilities, refines quality management practices, addresses quality risks proactively, and enhances product quality across all stages to deliver exceptional services to users.

Research and Development (R&D) Innovation

LongShine Group has consistently prioritized R&D innovation. Leveraging extensive practical experience in R&D management, the Company has established a robust qualification system. To further bolster its R&D innovation capabilities, the Company persists in refining the qualification system framework and augmenting R&D investments to better meet the demands of customers and the market.

Research and Development (R&D) System

LongShine Group boasts extensive practical experience in R&D management. In 2011, the Company introduced the industry-leading concept and management system for product development known as Integrated Product Development (IPD). Subsequently, in 2014, LongShine Group obtained certification for information security services based on the Security Development Lifecycle (SDL).

Aligned with its corporate and business development strategies, LongShine Group has devised a comprehensive plan for the development of its qualification system. We have formulated a set of regulations encompassing various aspects, including the *Full Process Management Standards for Construction Projects*, *Measures for Project and Product Output Management*, *Standards for Version Release*, *Marketing 2.0 Personalized Research and Development Standards*, *Quality Accident Investigation and Reporting System*, *Management Measures for the Evaluation of Project Development Costs*. These regulations serve as the foundation for our robust qualification management standard system. Considering both internal requirements and external factors, we have convened qualification management experts and specialists to establish norms and standardized processes. Furthermore, we have collaborated with technical experts from subsidiaries or business units to undertake pre-research, planning, certification, and maintenance of requisite qualifications in a meticulously planned manner.

Investment in Research and Development (R&D)

The Company attaches great importance to the development of an adept R&D talent team and has amassed a substantial pool of highly skilled R&D professionals. We have 3,298 R&D personnel, accounting for 56.74% of our workforce. The Company continues to invest in the digitization of energy and maintains a talent pool for emerging technologies such as the Internet of Things (IoT), cloud computing, and blockchain. In 2023, our talent pool comprises over 100 industry technical leaders boasting more than 20 years of experience, alongside over 600 senior experts with over a decade of expertise in their respective fields.

R&D personnel in 2023:

3,298
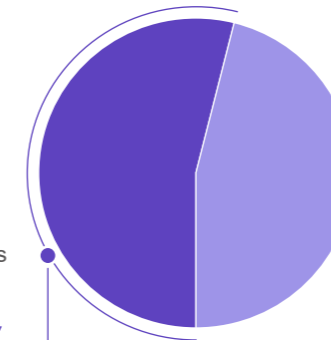
Proportion to the Company's workforce:

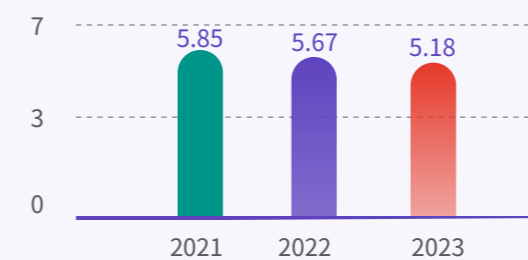**56.74%**

Industry technical leaders with over 20 years of experience: More than

100

Senior experts with over 10 years of experience: More than

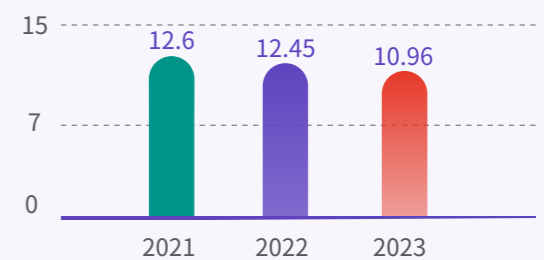**600**

RMB100million

	2021	2022	2023
	5.85	5.67	5.18

Total investment is R&D

%

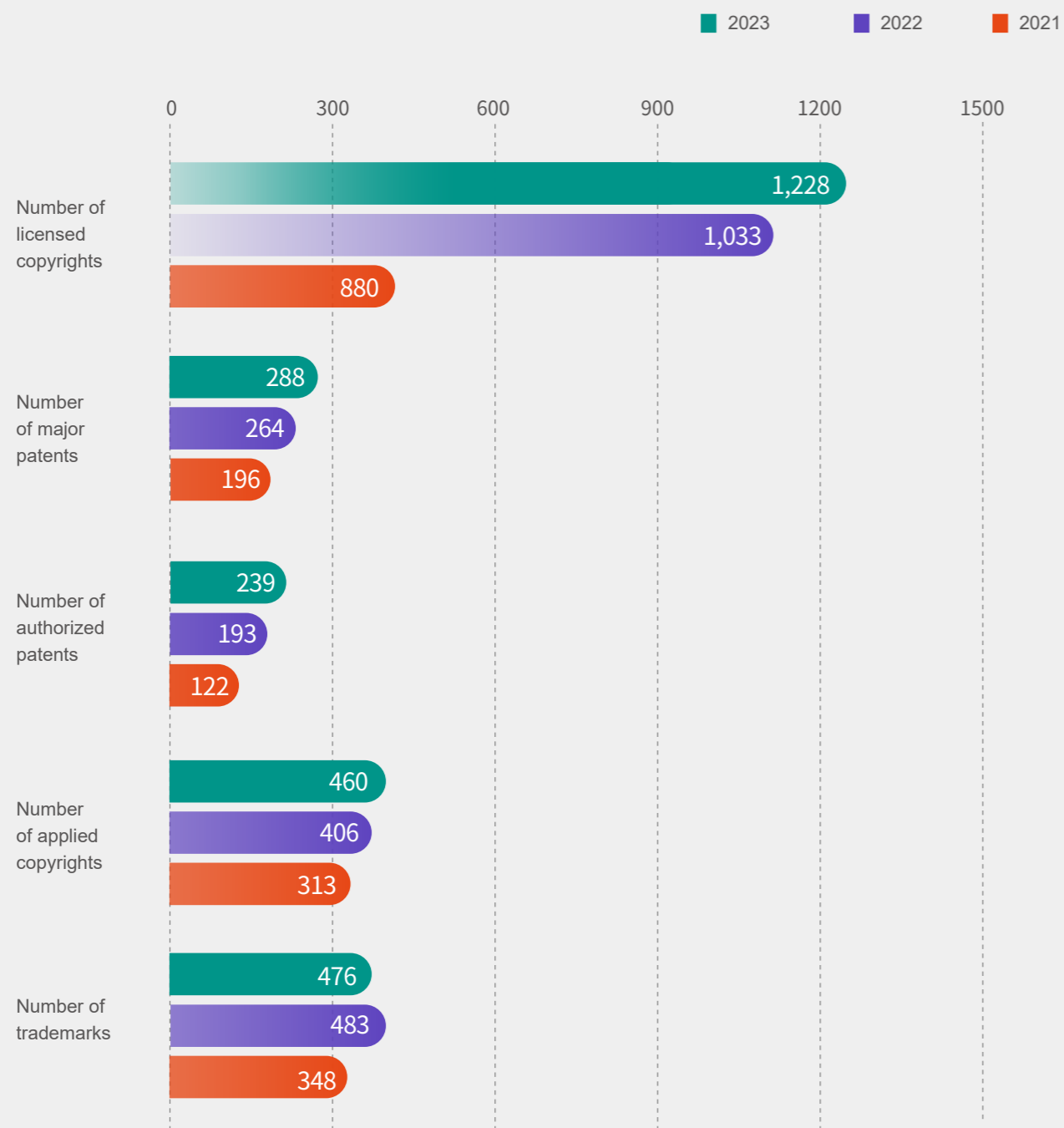|	2021	2022	2023
	12.6	12.45	10.96

Proportion of R&D expenses to operating revenue

Intellectual Property Protection

LongShine Group strictly abides by laws and regulations governing intellectual property protection. The Company has revised and implemented the *Intellectual Property Management System and Intellectual Property Reward System*, aligning them with our evolving business landscape. We have also enhanced our intellectual property work system to safeguard independent intellectual property achievements while valuing the intellectual property rights of customers and business partners. In 2023, the Company focused on framework design, overall planning, and the formulation of intellectual property action plans. We identified appropriate departments to spearhead patent management pilot projects. Over the past three years, the number of intellectual property rights owned by the Company has steadily increased year by year, and our efforts in applying for and protecting these rights have yielded commendable results.

Legend: ■ 2023 ■ 2022 ■ 2021

Category	2023	2022	2021
Number of licensed copyrights	1,228	1,033	880
Number of major patents	288	264	196
Number of authorized patents	239	193	122
Number of applied copyrights	460	406	313
Number of trademarks	476	483	348

To foster employee motivation and creativity, LongShine Group actively fosters an IPR culture. In accordance with the *Intellectual Property Reward System*, we have established an inventor incentive mechanism that rewards employees based on the type and complexity of patent applications. Furthermore, the Company conducts diverse IPR awareness campaigns tailored to different employee groups. Specialized IPR training programs covering various topics such as information security management, open-source legal risk prevention, and relevant patent knowledge have also been organized to empower our workforce.

Case — **The IPR protection demonstration site of Wuxi Intermediate People's Court was established in LongShine Group**

Both parties will utilize the IPR protection demonstration site as a collaborative platform to facilitate seamless communication and collaboration between the court and the Company. Together, they will explore additional new experiences and methods of IPR protection that can be disseminated and replicated. Through these endeavors, they aim to provide a consistent flow of information, talent, and service support for overall IPR development. This collaborative effort will continually bolster awareness of IPR protection and enhance the legal framework surrounding it, thereby contributing valuable insights to the advancement of the digital economy.

Consolidate Quality Management

In 2023, LongShine Group continued its efforts to strengthen its quality management standards. The Company introduced several new measures to enhance its quality management system, including the *Measures for Project and Product Output Management*, *Standards for Version Release*, *Marketing 2.0 Personalized Research and Development Standards*, and *Measures for Project Development Cost Evaluation Management*. Additionally, the Company revised and improved the Full Process Management Standards for Construction Projects.

In 2023, the Company established the Safety and Quality Management Department, comprising the Safety Management Office, Quality Improvement Office, and Baseline Management Office. These departments collectively oversee the Company's quality system development, project quality control, development operation and maintenance management, baseline management of core business operations, and other quality management and improvement initiatives.

The Company has extended the scope of its quality management projects to comprehensively oversee project quality. In 2023, it continued to expand the number of integrated and self-developed construction projects while bringing more consulting operation and maintenance projects under its purview. Additionally, the Company enhanced quality management for projects initiated by its subsidiaries, aiming to offer users more dependable services. As a result, there was a significant increase in the number of integrated projects, self-developed projects, and consulting operation and maintenance projects under its control.

**Changes in the number of projects under control by the Company**

To further enhance product quality, the Company implemented targeted quality control initiatives. Quality assurance efforts were deeply integrated into project activities to promote standardization, resulting in an overall project standardization rate of 98.5%. Through special quality measures implemented at key control points, the average product qualification rate rose to 83%.

The Company has exerted significant efforts to enhance its digital quality management capabilities and establish a comprehensive platform. It has transitioned the project grading evaluation model online and implemented differentiated quality control practices. By enhancing integration between front- and back-end development and the online work system, the Company has streamlined development processes, facilitating unified quality management. In 2023, the pilot collaborative online work system expanded to encompass networks in 13 provinces.

13 network provinces were included into the pilot project of the collaborative online work system in 2023
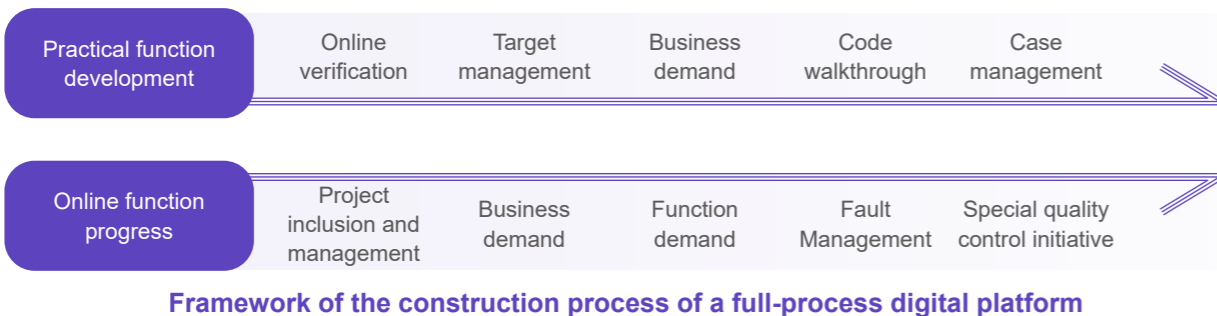
Framework of the construction process of a full-process digital platform

The Company exercised strict control over the safety and quality of products, requiring that both the baseline version and the online version of products pass an internal security test. It organized A and B role penetration testing based on the security test report to address all mid- and high-level vulnerabilities, aiming to minimize product risks and associated losses due to security loopholes. In 2023, the Company conducted 340 baseline security tests for Internet projects, successfully addressing 100% of security loopholes and hidden dangers.

LongShine Group attaches great importance to quality risk management. In 2023, the Company formulated the Quality Accident Investigation, Handling and Reporting System. This system encompasses the entire process of quality accident acquisition, emergency response, solution implementation, prevention measures, and evaluation, ensuring a closed-loop approach to risk management measures and enhancing the Company's ability to address quality risks effectively.

The Company coordinated with subsidiaries and business departments to conduct numerous quality training sessions and project reflection activities. These initiatives aimed to enhance employees' awareness of quality and safety while deepening control measures. In 2023, the Company led 36 project reflection activities involving business and technical departments, surpassing the required targets.

Number of baseline security tests for Internet projects conducted in 2023:

340

Completion rate of repair of security loopholes and hidden dangers:

100%

Number of project reflection activities led by the Company in business and technical departments:

36

Case | **LongShine Group organized a special quality management training**

In September 2023, the Safety and Quality Management Department of LongShine Group conducted training and publicity campaigns for all project management members across various network provinces. These initiatives encompassed construction project management, utilization of the Archimedes platform, and deployment of test specifications for construction projects. A total of 515 full-time project managers in the front-end network provinces underwent assessment. The Company issued Certificates of Completion for those who completed the training and passed the examination. Additionally, the Company issued certificates to individuals who applied their acquired knowledge into practice, following the benchmarking tracking of case studies. This approach aimed to incentivize employees to apply the principles learned during quality management training in their daily practices.

515 persons assessed

Enhance Customer Service

LongShine Group upholds a customer-centric service philosophy, aiming to deliver efficient, professional, and high-quality services across various facets, including products, markets, and services. Our objective is to comprehensively meet customer needs. In accordance with the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, as well as other applicable laws and regulations, the Company has established internal systems such as the *Customer Complaint Handling Management System* and the *Operation and Maintenance Service Handling Process*. Moreover, we continually enhance our service system, encompassing consultation, planning, implementation, and after-sales operation and maintenance, to ensure sustained improvement in service quality.

The Company attaches special importance to the quality of after-sales services We have dedicated professional operation and maintenance teams to address various service requests, including consultation, operation, data, and configuration. The Company has established a hierarchical management system to ensure prompt responses and efficient resolutions to these requests. Additionally, we actively engage in communication and dispute resolution with users to mitigate any adverse effects on them. We monitor the progress of operation and maintenance services to ensure their completion and conduct satisfaction visits to customers.

To further enhance service quality, the Company takes a proactive approach to address customer complaints. We have established various complaint processing channels and corresponding standardized procedures to ensure the timely and appropriate handling of customer complaints. Following the resolution of a complaint, we conduct follow-up visits to customers and provide feedback and suggestions for improvement to relevant departments, aiming to prevent the recurrence of similar complaints.

To enhance the service experience for our customers, the Company regularly conducts customer satisfaction surveys to gather their suggestions and feedback regarding the rationality, safety, stability, and other dimensions of our product design. This feedback serves as a guide for continuous improvement in both products and services. In 2023, the customer satisfaction performance of the Company's products and services surpassed that of the previous year.
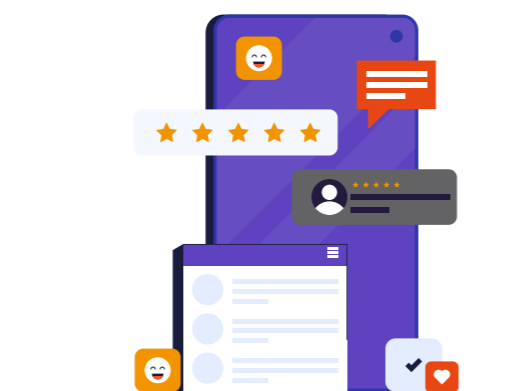
Build a Responsible Supply Chain

LongShine Group is dedicated to creating a fair, transparent, efficient, and well-organized supply chain while actively implementing compliance traceability management for suppliers. In accordance with the Supplier Management Procedures and other relevant regulations, the Company has developed standard processes, agreements, or contracts to oversee suppliers throughout their life cycles, ensuring compliance throughout the procurement process. As of 2023, LongShine Group collaborated with a total of 1,663 suppliers.

Recognizing the necessity for digital transformation in supply chain management due to rapid business growth, the Company has prioritized this initiative. By implementing an online operations management platform, LongShine Group can enhance procurement process compliance, streamline procurement activities, and deliver improved and more efficient products and services to customers through full-time and electronic end-to-end procurement management.

LongShine Group has continued its efforts to standardize the supplier access system. It has established corresponding access conditions for various types of suppliers during the supplier review and entry stage, requiring suppliers to complete the Supplier Survey Form and submit relevant qualification documents. Only after thorough review can suppliers be included in the "Qualified Supplier Directory." The Company has also implemented a "Review-Access-Appraisal-Evaluation" mechanism for managing suppliers, aimed at building a stable supplier base. We have also informed suppliers about the requirements of the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, to jointly maintain a sound environment and protect employees against occupational injuries.

The Company conducts regular evaluations of suppliers from various perspectives, including product quality, pricing, personnel qualifications, financial status, technical capabilities, after-sales service, and customer satisfaction. We provide fair and justified evaluation results to encourage suppliers to further enhance quality standards. To support suppliers in their quality improvement efforts and facilitate growth, the Company offers targeted rectification suggestions based on individual circumstances for suppliers with unsatisfactory evaluation results. In cases where suppliers persistently deliver substandard products or violate laws and regulations, the Company takes necessary measures to remove them from the supply chain to ensure its smooth operation.

LongShine Group continues to reinforce suppliers' integrity awareness, rigorously preventing commercial bribery, and fostering an environment of fair competition. As of the end of 2023, 100% of the suppliers collaborating with the Company signed the Honesty and Integrity Agreement.

In 2023,

LongShine Group partnered with

1,663 suppliers

As of the end of 2023, all the suppliers in cooperation signed the

Honesty and Integrity Agreement

The signing ratio reached

100%

04

Uphold a People-oriented Approach to Reserve Talents

Human resources are the cornerstone of corporate development. LongShine Group is dedicated to offering employees an equitable work environment with vast opportunities and generous benefits. Our focus lies in unleashing the potential and talents of our workforce, fostering a cohesive, friendly, and equitable corporate culture where every employee can thrive as a valued member of our extended family.

- Create a Harmonious Work Environment
- Facilitate Career Development
- Ensure Employee Health and Safety
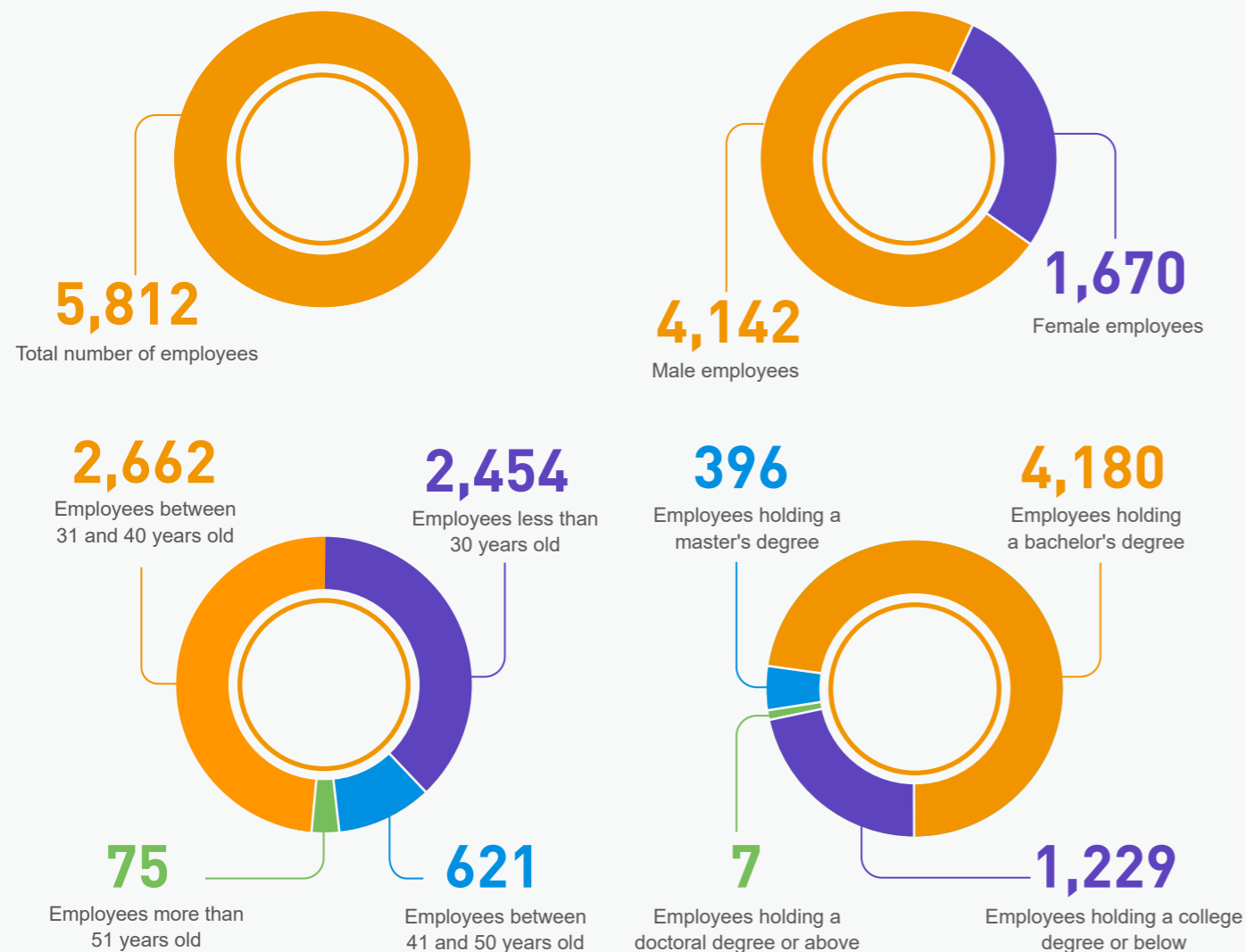
Create a Harmonious Work Environment

LongShine Group recognizes the paramount importance of talent. We prioritize safeguarding the rights and interests of our employees and nurturing a culture of respect and equality in the workplace. The Company has implemented an effective communication mechanism to support the mental well-being of each employee and foster an enjoyable office environment. Additionally, we have established the LongShine Culture and Publicity Interactive Platform to facilitate exchanges and interactions between new and existing employees.

Safeguard Employees' Rights and Interests

LongShine Group abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations. The Company has formulated a number of systems to protect the basic rights and interests of the employees, including the Remuneration Management System and the Working Hour Management System.

Employee Recruitment

LongShine Group emphasizes the principle of equal employment. We firmly prohibit any form of discrimination in employment assessments based on gender, age, race, religious beliefs, or any other factors. Additionally, the Company strictly prohibits the use of child labor or forced labor in any aspect of its operations.

5,812
Total number of employees

4,142
Male employees

1,670
Female employees

2,662
Employees between 31 and 40 years old

2,454
Employees less than 30 years old

396
Employees holding a master's degree

4,180
Employees holding a bachelor's degree

75
Employees more than 51 years old

621
Employees between 41 and 50 years old

7
Employees holding a doctoral degree or above

1,229
Employees holding a college degree or below

Remuneration System

LongShine Group advocates for "gender equality" and "position equality" as fundamental principles of employee remuneration, rejecting any form of differential treatment. The Company has established a fair remuneration and incentive mechanism wherein rewards are distributed to employees with outstanding performance in a timely manner, based on the principle of "aligning responsibility with interests, ability with value, risk with reward, and performance with income". LongShine Group ensures comprehensive social security coverage for its employees, covering five types of social insurance and the housing provident fund in accordance with local standards, with a 100% coverage rate. Additionally, the Company offers supplementary commercial insurance, such as supplemental health insurance, for its employees. In addition to the national holidays stipulated by law, LongShine Group provides each employee with 12 days of paid sick leave and paid annual leave per year.

Free Association

LongShine Group has unequivocally communicated to all employees its commitment to respecting the rights of employees to free association and collective negotiation. The Company operates under a democratic management structure, ensuring that employees have the right to know, participate, express opinions, and supervise operations. LongShine Group actively encourages employees to provide suggestions or requests for improvement to their direct superiors, departments, and senior management.

Create a Pleasant Atmosphere

LongShine Group places significant emphasis on promoting corporate culture. Through organizing a variety of recreational and employee care activities, we strive to enhance the work atmosphere and foster organizational cohesion.

Cultural Communication

We attach great importance to the dissemination of corporate culture by establishing an interactive platform for diverse cultural promotion. Our goal is to deepen employees' understanding of LongShine Group and facilitate the seamless integration of new employees into the Company. Through promoting our outstanding corporate culture, we aim to foster employees' alignment with our values, encourage interaction, and enhance cohesion among them.

Provide the orientation of cultural values and build up the brand of LongShine Group as an employer through the publicity of company information, excellent benchmarks and featured cultural activities.

LongShine Group's internal portal, which can help new employees quickly integrate into the Company and experience the LongShine culture.

An open platform for communication and interaction among employees, which can create an open, dynamic and young team community culture through regular topic interaction.

"Family" Public Account

A Comprehensive Platform (ls.longshine.com)

DingTalk Intranet (For topic interaction)

10,946 followers

1,228
viewers of articles on average

180k+ viewers in total

32 messages released

Release content: Company information, benchmark stories, outstanding characters wall, cultural activities video, etc.

6,075 followers on various topics

261 participants in interaction

Topics: information security, power of role models, pleasant times, personal growth and gains, etc.

LongShine Culture and Publicity Interactive Platform

Diversified Recreational Activities

We value the well-being of our employees and organize a diverse range of activities to enrich their leisure time. These activities include commemorating career anniversaries, arranging annual trips for outstanding employees, and hosting recreational events such as concerts, all aimed at enhancing employee satisfaction and enjoyment.

Case   Career Anniversary

Case   Outstanding Employee Travel

Case   Concert

Employee Care

We organized employee care activities such as employee birthday parties, family open days, summer holiday childcare programs to enhance the employees and their families' understanding and recognition of the Company, and constantly enhance their sense of belonging.

Case   Birthday Party

Case   Family Open Day

Case   Summer Holiday Childcare Program

Facilitate Career Development

LongShine Group firmly believes in the symbiotic growth of talents and the Company, recognizing that their development is interconnected and mutually reinforcing. To support this, we have outlined clear promotion pathways for employees, fostering self-motivation and offering various training and evaluation opportunities. Through these initiatives, we aim to incentivize employees to grow while simultaneously creating benefits for the Company.

The Company provides dual career paths for both professional and managerial employees and has implemented internal promotion and rotation mechanisms to harness the strengths and potential of our workforce fully. We regularly conduct annual merit evaluation activities and adjust remuneration incentives for employees based on their performance assessment, offering them well-performed promotion channels and broad space for career development.

Resource Platform Construction

LongShine Group is committed to improving the leadership, professional, and technical capabilities of its employees comprehensively. The Company has allocated significant resources to establish an internal lecturer platform, LongShine Intelligence Tank, and a cloud-classroom learning platform, offering employees efficient and diverse learning resources.

An Internal Lecturer Platform Ecosystem

Internal trainers play a key role in "cultivating countless talents and driving business growth". They are required to possess a deep understanding of the Company's culture and operations, delivering knowledge and skills tailored to the Company's specific needs to achieve targeted training outcomes. In terms of the composition of trainers, the Company employs 215 trainers, 335 knowledge sharers, and 137 tutors, covering 83 training programs and 133 sharing sessions.

Course Library Development

The Company's course library comprises a total of 567 courses, spanning 15 job categories including consulting, business research, solutions, project management, system integration, design, research and development (R&D), quality assurance, operation and maintenance, human resources, finance, risk management, administration, and business and sales.

Cloud-Classroom Learning Platform

In 2023, LongShine Group introduced and released 140 courses or training programs in the cloud classroom. A remarkable 82% of employees logged into the cloud classroom for learning, demonstrating a strong response to the training needs of their respective departments, with many engaging in learning activities more than 30 times. Additionally, 140 individuals were rewarded for their outstanding learning performance in 2023, collectively accumulating more than 20,000 learning hours.

Improve the Talent Training System

The Company has constantly improved its employee training system and systematically fostered a culture of learning and personal development. Leveraging our technological capabilities, we have implemented digital training initiatives and systematized talent development through our internal resource platform. Key training programs targeting managers, technical talents, and emerging talents at all levels have been conducted, along with value-sharing activities organized for all employees on an irregular basis. By offering a comprehensive platform for personal development, we are committed to supporting employees in realizing their full potential and personal aspirations.

New Employee Training

New Star Program for Fresh Graduates

The New Star Program is designed to facilitate the swift integration of employees into the Company and their respective teams, enabling them to acquire the necessary knowledge and qualifications for their positions. This program assists employees in completing skill training to meet the requirements of their roles, empowering new hires to unleash their full potential and achieve their personal growth objectives progressively, ultimately enabling them to work independently.

New Force Program for Newly Recruited Employees from the Society

The New Force Program utilizes both online and offline training methods to facilitate newly recruited employees' understanding of LongShine Group's corporate culture, values, and strategic goals. The program aims to accelerate their integration into the Company, bolster their sense of belonging, and foster team cohesion.

Management Training

Special Training Camp for Grassroots Managers

The training camp covers 42 grassroots managers within the energy digitization business segment. Following a series of processes including learning, testing, practice, review, and consolidation, the training camp achieved a 100% delivery rate. The program successfully developed 65 managers across 19 departments of the Middle Office, achieving a coverage rate of 52%, as well as 23 managers across 11 operation centers, achieving a coverage rate of 65%.

Double-wing Training Program for Grassroots Managers

The Double-wing Training Program is designed to nurture technical management talents, primarily focusing on fresh graduates. Through reality sand table simulations, the program aims to provide trainees with a comprehensive understanding of the critical points and key aspects to be managed across all stages of project management. By extracting experiences, the program accumulates successful work practices and models within the Company, assisting fresh graduates in planning for experience extraction in their respective roles. A total of 42 students in the Internet of Energy (IoE) business segment participated in the Double-wing Training Program.

Future Team Training Program for Senior Executives

To identify and cultivate future leaders capable of guiding LongShine Group's trajectory, the Company is committed to a three to five-year initiative to develop a cadre of management talents deeply aligned with the Company's vision. These talents will share the Company's goals and values, possess the ability to lead teams, create value, foster innovative business growth, navigate business cycles, and achieve sustainable development. In 2023, four offline training programs and three class activities were successfully completed, involving 120 trainees in total.

Business and Technical Training

Star General Training Program for Project Managers

The Star General Training Program (Standard Course) is designed to cultivate project managers for LongShine Group, encompassing job categories such as project management, operation and maintenance, design, research and development (R&D), and quality management. This program involved a total of 189 trainees, out of which 79 successfully completed the course, with 10 being recognized as outstanding trainees. The Star General Training Program (Advanced Course) covers a total of more than 360 trainees.

Special Training Camp for Solution-seeking

The Special Training Camp for Solution-seeking is designed to assist trainees in reshaping their perceptions, delving deeper into industry insights, exploring customers' strategic values, refining conceptual thinking patterns, and enhancing pre-sales decision-making skills. These capabilities are instrumental in creating opportunities for innovative business development and translating them into reality, thereby fostering consensus on business goals, defining strategies and development paths, and expanding business operations. The program comprised three offline sessions, engaging over 120 trainees in solution-seeking endeavors.

CTO Technical Exchange and Sharing Sessions

We are committed to establishing a technical and cultural community within LongShine Group to cultivate a technical consensus that aligns with the Company's needs and fosters a platform for technical exchanges and interaction. In 2023, we organized four CTO salons, five CTO roundtable meetings, three AI workshops, and one ChatGPT Big Model machine discussion, with participation from 330+ employees.

Knowledge Sharing Activities

Star Sharing Sessions

The Star Sharing Sessions are designed to facilitate employees in building knowledge and enhancing business capabilities through effective knowledge sharing, while also accumulating and preserving valuable experience. These sessions serve as a platform to identify internal trainers and promote the continuous growth of the organization. In 2023, a total of 16 Star Sharing Sessions were conducted, involving 1,400+ employees.

1024 Programmers' Day

The "Power of Programming" Technical Exchange and Sharing Session was held online and offline simultaneously, with 50 offline participants and more than 1,000 online viewers.

Ensure Employee Health and Safety

LongShine Group attaches great importance to the physical and mental well-being of its employees. We strictly abide by China's laws, regulations, and requirements concerning occupational health and safety, and have implemented a robust emergency response system to safeguard the lives and health of our employees. Through a diverse range of fitness activities and psychological courses, we are dedicated to preserving the physical and mental well-being of our workforce.

Strengthen Emergency Management

The Company has formulated preventive measures and emergency plans to outline the emergency management system and information reporting mechanism for various safety incidents involving employees in the workplace, including natural disasters, accidental injuries, or emergencies. In 2023, to enhance employees' understanding of fire safety and first aid procedures, we conducted a fire drill and enlisted professional doctors to provide training on topics such as cardiopulmonary resuscitation.

**Case** **Fire Drill**   **Case** **Cardiopulmonary Resuscitation**

Improve Physical Health

The Company offers complimentary annual physical examinations for all employees and encourages them to participate in sports and fitness activities. Various sports clubs have been established, encompassing activities such as ball games, swimming, yoga, fitness, and outdoor pursuits. Additionally, we organize a variety of sports PK (Player vs. Player) competitions including ball games, walking, and weight loss challenges. These initiatives aim to cultivate employees' interest in fitness, foster mutual understanding and cooperation among colleagues, and bolster team cohesion.

Case **Sports Club**
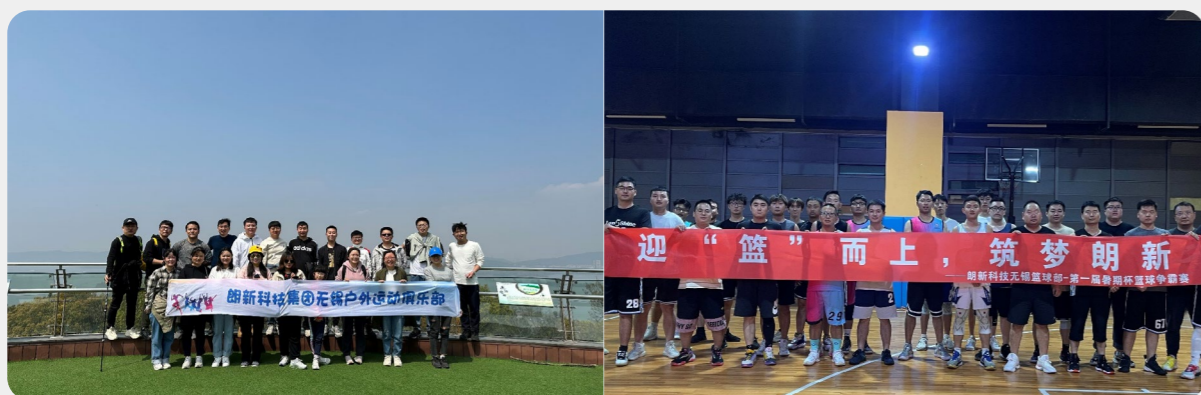
Protect Mental Well-being

The Company has taken proactive measures by organizing employee care lectures and establishing channels to listen to employees' feedback, aiming to strengthen their sense of belonging and foster team cohesion. We have conducted various psychological lectures, with the participation of psychological experts, to address and safeguard employees' mental well-being. We also conducted employee satisfaction surveys on a regular basis and gave timely feedback on problems. No major complaints were reported during the reporting period.

Case **Care Lecture**

Case **The Company opened the Sunshine Chat Room**

The Company opened the Sunshine Chat Room and set up a team of physiotherapist. We hired three "physiotherapist" with professional background in psychological counseling and career planning to provide psychological listening and emotional grooming services for the employees. The purpose of the chat room is to create an organizational atmosphere of caring for employees. In 2023, we provided psychological listening and counseling services to 17 employees, with the employee evaluation satisfaction rate reaching more than 99%.

05

Contribute to the Society and Fulfill Corporate Responsibilities

As a technology company deeply engaged in the energy industry, LongShine Group leverages its unique technological and operational strengths in energy digitization and the Internet of Energy (IoE). We actively implement the principles of "carbon neutrality and carbon peaking" to establish a model of green industrial parks, fostering the green development of neighboring communities. We view it as our inherent responsibility to advance sound and sustainable economic and social progress, demonstrating our commitment to community development. Moreover, we proactively participate in public welfare initiatives, endeavoring to cultivate the corporate identity of a compassionate and socially responsible enterprise.

- Build a Low-carbon Enterprise

- Engage in Public Welfare Undertakings

- Participate in Community Development

Build a Low-carbon Enterprise

LongShine Group has always been a firm practitioner of emission reduction and decarbonization. Through the establishment of a low-carbon industrial park, adoption of clean energy sources, and comprehensive management of emissions and energy consumption, the Company has continuously diminished its carbon footprint and mitigated the adverse effects of production and operations on the environment. We have taken tangible steps to fulfill our environmental protection obligations and are intensifying our endeavors to navigate the "carbon neutrality and carbon peaking" era, paving the way for a sustainable future.

Low-carbon Industrial Park

LongShine Group actively embraces the principles of low-carbon and environmentally friendly practices. By focusing on energy consumption and carbon emissions, we have utilized digital technologies to establish a green industrial park, thereby fostering the creation of a more environmentally sustainable city. As one of the pioneering "zero-carbon" science and technology parks in Jiangsu Province, LongShine Technology Industrial Park has proactively embraced the ethos of green architecture. We have continuously enhanced our infrastructure to expand the scope for sustainable development within the park. Simultaneously, the Company has adopted green, low-carbon solutions to promote environmentally conscious development within the LongShine Technology Industrial Park.
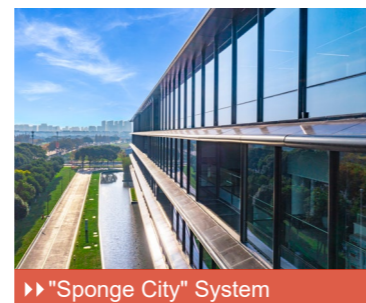
In terms of hardware ecology, the industrial park prioritizes the use of top-grade environmentally friendly building materials to safeguard the surrounding ecological environment. The buildings are constructed with a large-area breathing glass curtain wall structure, aimed at reducing energy consumption. Moreover, the roofs and cornices are covered with distributed photovoltaic panels, generating 1.05 million kWh of clean energy annually for the park's consumption. Additionally, the park incorporates a "Sponge City" system, capable of recycling hundreds of tons of rainwater yearly to facilitate green irrigation and real water replenishment functions.

▶▶Green Courtyard Space

▶▶Glass Curtain Wall Structure

▶▶"Sponge City" System

Green Industrial Park

In terms of software ecology, LongShine Technology Industrial Park seamlessly integrates PV power generation, energy storage, and charging to establish a complete closed loop of green electricity. This cycle encompasses generation, storage, and consumption, thereby fostering a zero-carbon green electricity cycle characterized by the "integration of PV power generation, storage, and charging". The park has implemented various independently developed systems, including the intelligent micro-grid operation and management platform, energy consumption monitoring platform, and dual carbon digital management platform. Through these systems, we can comprehensively regulate electric power, gas, water, heating, and other energy sources within the park, effectively enhancing the overall utilization efficiency of green energy. In doing so, we have established a pioneering model for the widespread adoption of the "integration of PV power generation, storage, and charging" within the industry.

▶▶1.05MWp photovoltaic coverage

▶▶630kW / 1,000kWh

▶▶88 charging piles

Integration of PV Power Generation, Storage and Charging

In 2023, following the successful demonstration by LongShine Group, nearly all enterprises within the Group relocated to LongShine Technology Industrial Park. To further enhance energy operations within the park and advance energy conservation and carbon reduction efforts, we have implemented a series of renovation measures:

The intelligent induction lighting equipment was replaced for 502 lanes of the garage in the first phase of the industrial park. The original monthly energy consumption was 3,456kWh of electricity. The replacement can save 2,764kWh of electricity, with a comprehensive energy saving rate of more than 85%.

916 downlights in the toilets of the first phase of the industrial park were replaced with intelligent induction downlights. The old downlights consumed 6.732kWh of electricity per hour. The new ones consume 2.546kWh per hour, saving 1,883.7kWh per month and 22,600kWh per year, with a comprehensive energy saving rate of more than 60%.

The remote switch of the Internet of Things for outdoor landscape lighting was upgraded in the first phase of the industrial park. The lighting will be automatically controlled according to the work and rest calendar. After renovation, the monthly electricity consumption has dropped from 5,898.7kWh to 3,932.47kWh, with a comprehensive energy saving rate of more than 33%.

The lighting of the exhibition hall in the industrial park was replaced with adjustable lamps, and human body sensors are used to realize dynamic and static induction control. Only the basic lighting is turned on when there is no one there, with a comprehensive energy saving rate of more than 40%.

The integrated interface of the air conditioner was replaced to achieve remote control. It can work with the environment and human body sensors to achieve unmanned low-energy operation and adjust the temperature automatically according to the flow of visitors, with a comprehensive energy saving rate of more than 25%.

Energy-saving Renovation of Garage Lighting

Energy-saving Renovation of Toilet Lighting

Energy-saving Renovation of Landscape Lighting

Energy-saving Renovation of Exhibition Hall Lighting and Air Conditioning

Renovation for Energy Conservation and Carbon Reduction

LongShine Technology Industrial Park Incubator

2023 Science and Technology Enterprise Incubator in Jiangsu Province

LongShine Group Zero-carbon Smart Energy Industrial Park

2023 Typical Case of Coordinated Digital and Green Transformation and Development in Jiangsu Province

Honors Granted to LongShine Technology Industrial Park in 2023

Low-carbon Life

LongShine Group remains steadfast in its endeavors within the energy industry, continuously exploring new ecological models and advocating for the efficient utilization of new energy sources to foster a green and low-carbon lifestyle. Embracing the mission of "leading low-carbon digitization and shaping a low-carbon future", we have implemented a series of internally developed green and low-carbon solutions, leveraging the Company's distinctive technical and operational strengths in energy digitization and the Internet of Energy (IoE). Through these efforts, we are dedicated to expediting the journey towards carbon neutrality comprehensively, while simultaneously propelling the high-quality, sustainable development of the industrial economy.

The Integrated "PV Power Generation, Storage and Charging" Project

- LongShine Technology Industrial Park has built a four-in-one microgrid system that integrates PV power generation, energy storage system, charging pile and V2G, creating a one-stop "green electric cycle" solution that incorporates storage, charging and discharge. The system can carry out unified management and scientific scheduling of new energy. It can also select the optimal strategy based on data such as weather, electricity price and vehicle battery status, and make intelligent scheduling of PV, energy storage and orderly charging and discharging of vehicles. The system is aimed at supporting low-carbon operation of the industrial park.

Energy Management Solution

- LongShine Group applies the "IoT+AI" new technology to develop a complete set of intelligent urban carbon management system, which covers carbon detection, tracking and emission reduction. It can achieve dynamic management of energy generation, transmission and distribution, utilization and energy consumption equipment based on comprehensive energy management. The system can make carbon data visually visible and carbon emissions traceable. Carbon emission, reduction, assets, neutrality and inclusiveness can be displayed in the form of carbon offsetting, reflecting the green and low-carbon development concept of the industrial park.

Low-carbon Digital Platform

- The low-carbon digital platform independently developed by CHANGELIFE, a subsidiary of LongShine Group, uses the new generation of data collection technologies such as big data, cloud computing and the Internet of Things (IoT) to combine digitization and "carbon peaking and carbon neutrality" in an orderly manner. The platform can provide low-carbon solutions and services for governments, enterprises, industrial parks and individuals. By building a "green, energy-saving and efficient" low-carbon platform, we are committed to promoting urban development with industrial operation and digitization, and driving the early realization of urban carbon neutrality.

Low-carbon Life System

Emissions Management

LongShine Group's operational emissions primarily stem from office activities. We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste* and the *Environmental Protection Law of the People's Republic of China*. Moreover, we actively embrace a green approach to work and lifestyle. The Company encourages employees to conserve water and electricity, opt for eco-friendly travel options, and participate in intelligent and paperless office practices. Through the promotion of green office concepts, we advocate for environmental protection, energy conservation, and intelligent office solutions, aligning with the Company's objectives for sustainable development, including energy efficiency, carbon reduction, and efficient operation and maintenance. As of December 31, 2023, LongShine Group did not record any environmental accidents or emissions violations.

Case   Advocate Green and Low-carbon Office

In order to encourage enterprises and employees based in LongShine Technology Industrial Park to get used to green and low-carbon life and work, the Company will set up some interesting "rewards" in the park. For instance, if you charge the tram in the low-traffic period, walk for a certain number of steps every day, climb the stairs back to the office, etc., you will be rewarded "carbon coins", which you can use in the canteen, coffee shop or other places of the industrial park.

Energy Consumption Management

To enhance energy management, minimize energy consumption, and eliminate waste, LongShine Group abides by the *Energy Conservation Law of the People's Republic of China*. We have established clear management responsibilities for administrative departments, implemented a digital energy consumption management system, and standardized daily practices such as the use of air conditioners, electricity, and paper in office areas. These measures enable us to achieve precise and dynamic management of energy consumption throughout the entire process. As of December 31, 2023, the Company acquired the 1SO 14001 Environmental Management System Certification. Its operations and production have exerted no impact on the environment and natural resources.

Case   Longshine Cloud Helps Save Energy for Servers in the Green Industrial Park

In 2023, LongShine Group migrated all of its core platforms to the cloud, including its core business systems (Jindie Reimbursement System, Operation Management System, platforms & front-end machines of banks and bank-related enterprises) and the official website of YSTEN. Before the migration to the cloud, all the business systems were distributed in Wuhan, Beijing and the public cloud platform. There were more than 20 units deployed in single-machine mode. If calculated by 550w of power each unit, the annual energy consumption will be 11,000w. After migration to the LongShine Cloud, energy consumption of all the units is integrated into that of the cloud platform, which is reduced by more than 90% compared with the traditional physical machines. At the same time, the Company terminated investment into public cloud and third-party maintenance costs.

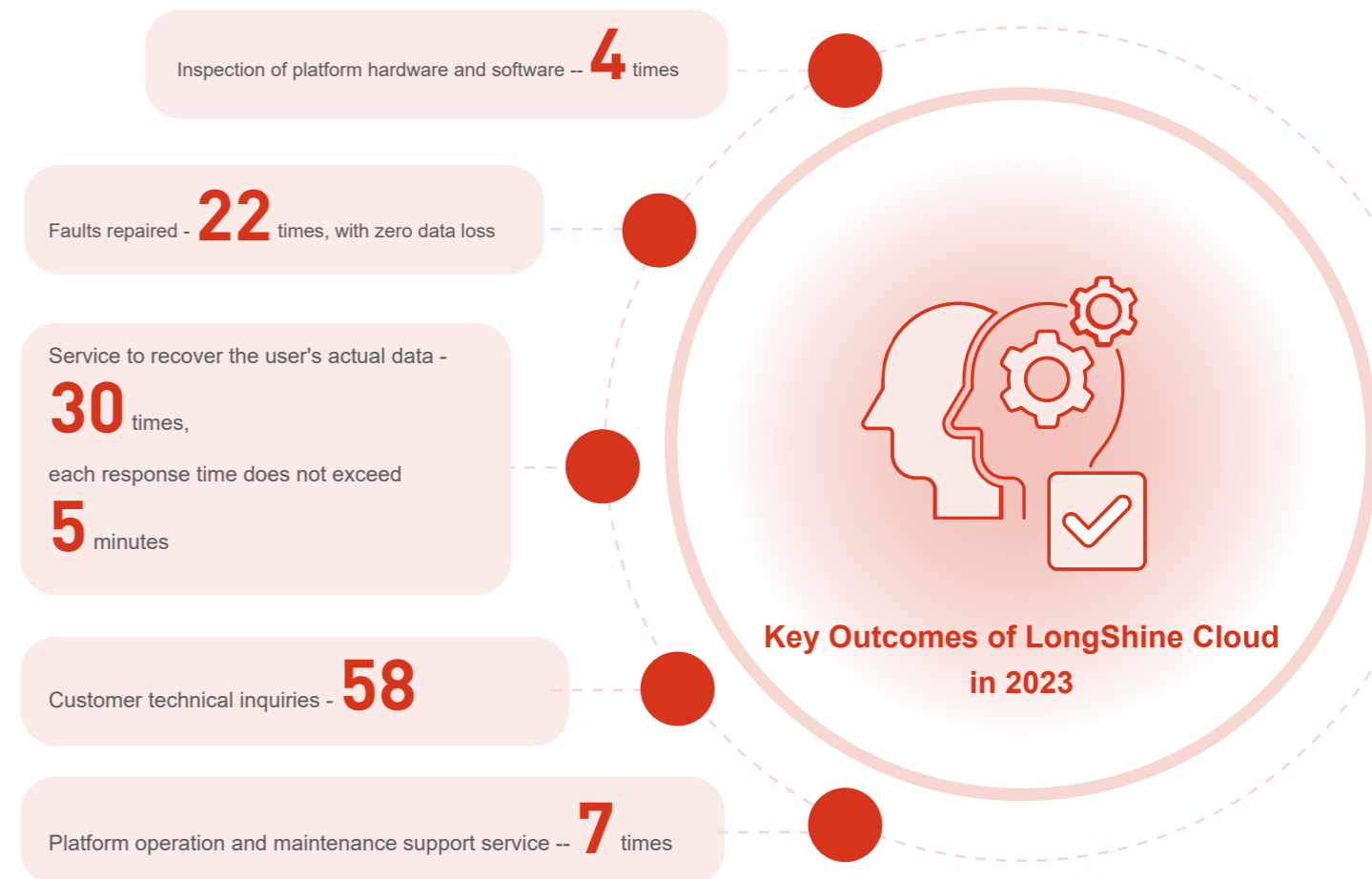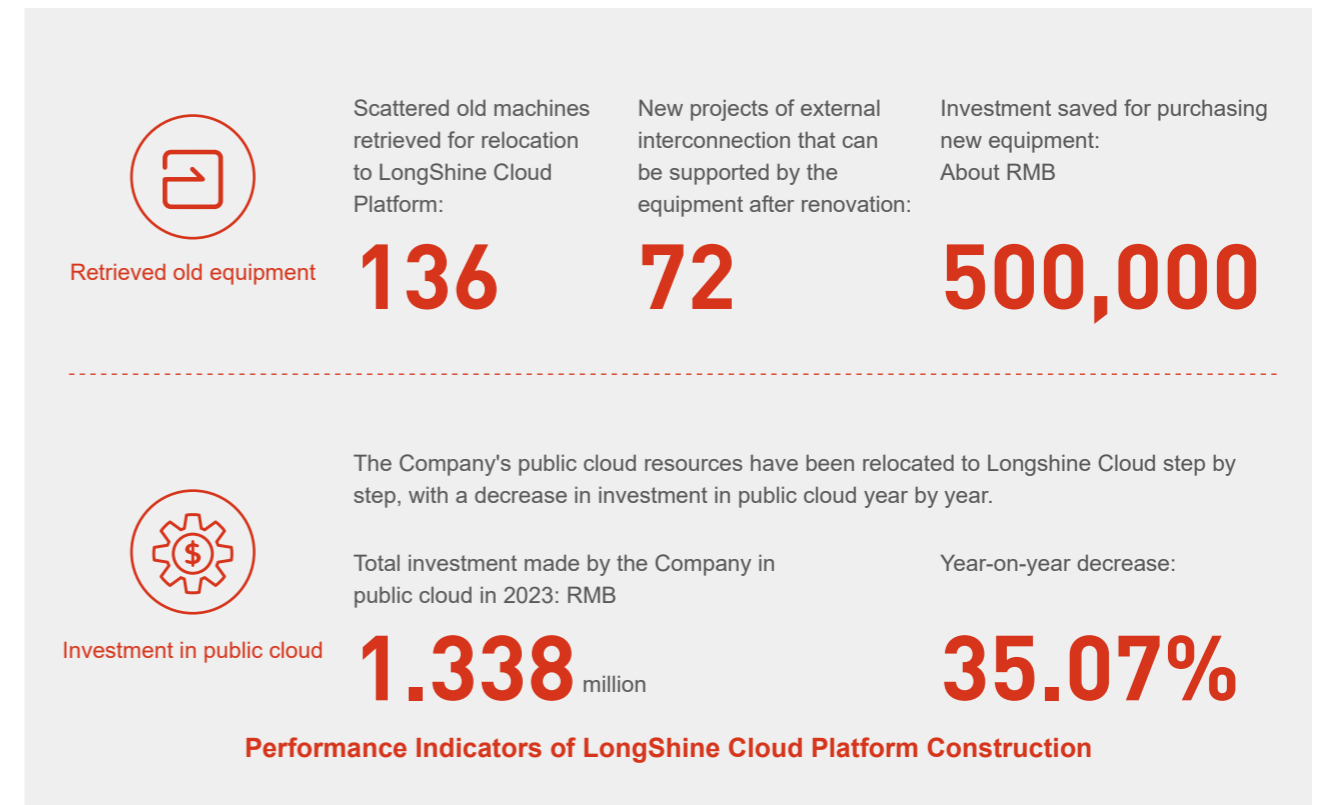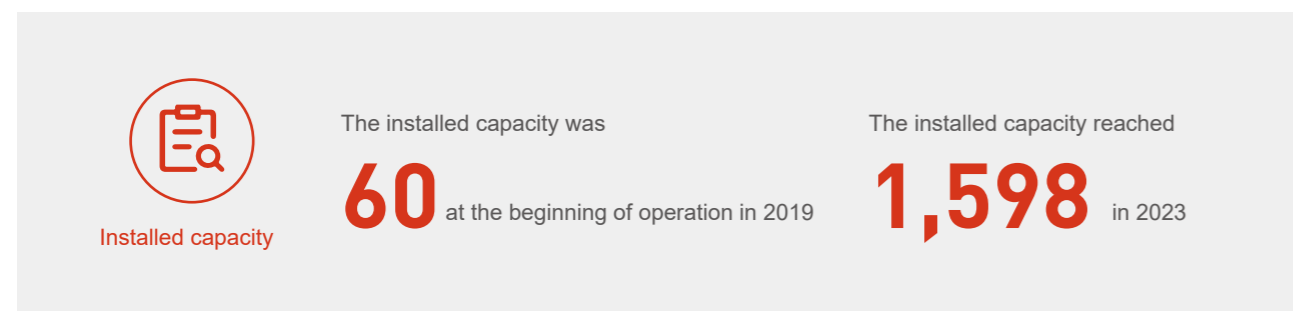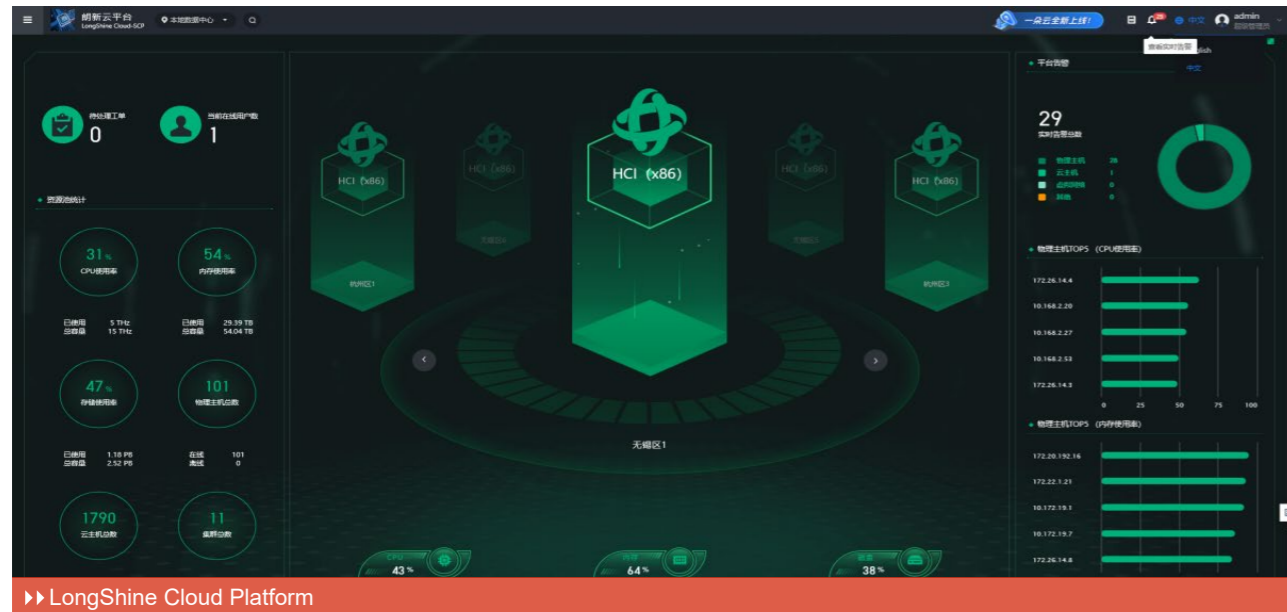| Project category	Types of emissions, energy consumption and utilization	Unit	2023	2022	2021
Waste and Contaminants	Waste batteries	Kg	9.7	11	9
	Waste selenium drums	Kg	21.9	93	71
	Kitchen waste	Litre	147,840	/	/
	Household waste	Litre	1,452,720	/	/
Use of Resources	Office paper consumption	Tonne	4.7	5.01	4.42
	Fresh water consumption	Tonne	23,484	9,760	9,458
	Electricity consumption	10,000kWh	544.84	436.54	157.32

Data of Emissions and Energy Consumption in 2023

Note: In 2023, LongShine Technology Industrial Park in Wuxi head office of the Company was officially put into operation, and employees from other offices were relocated to the Wuxi head office, resulting in a decreasing proportion of emissions and consumption. Therefore, the data in 2023 only covers the Wuxi head office.

Data Center Construction

In 2023, leveraging the data center within LongShine Technology Industrial Park, LongShine Group successfully launched the LongShine Cloud Cluster. The Company's core business systems, including the official portals of key products such as the YSTEN website, and certain national development and testing activities, were migrated to the LongShine Cloud Platform. This transition significantly enhanced the Company's capabilities for unified information resource management.

The first phase of the data center at LongShine Technology Industrial Park spans approximately 570 square meters, with plans for the second phase covering a total area of 530 square meters, making it the largest data center within LongShine Group. In terms of power supply, the computer rooms now have access to photovoltaic power generation and energy storage within the park. With fully loaded energy storage, the computer rooms can sustain operations for approximately two hours, ensuring sustainable support for core data operations. In terms of storage resources, an integrated module design has been implemented to reliably accommodate the Company's core data operations while catering to the increasing business demands. For network resource planning, the data center employs multi-line cross-interconnection to achieve automatic redundancy at both device and path levels. It offers 1G, 10G, 25G, and 40G ports for server access to the network. Additionally, security devices equipped with anti-virus and anti-intrusion functions are deployed at the data center's perimeter to filter traffic directed toward servers, thereby ensuring network and information security.

▶▶ LongShine Cloud Platform

Installed capacity

The installed capacity was

60 at the beginning of operation in 2019

The installed capacity reached

1,598 in 2023

Retrieved old equipment

Scattered old machines retrieved for relocation to LongShine Cloud Platform:

136

New projects of external interconnection that can be supported by the equipment after renovation:

72

Investment saved for purchasing new equipment: About RMB

500,000

Investment in public cloud

The Company's public cloud resources have been relocated to Longshine Cloud step by step, with a decrease in investment in public cloud year by year.

Total investment made by the Company in public cloud in 2023: RMB

1.338 million

Year-on-year decrease:

35.07%

Performance Indicators of LongShine Cloud Platform Construction

Inspection of platform hardware and software -- **4** times

Faults repaired - **22** times, with zero data loss

Service to recover the user's actual data -

30 times,

each response time does not exceed

5 minutes

Customer technical inquiries - **58**

Platform operation and maintenance support service -- **7** times

Key Outcomes of LongShine Cloud in 2023

Engage in Public Welfare Undertakings

LongShine Group has consistently placed equal emphasis on corporate development and social responsibility, recognizing their mutually reinforcing nature. As we apply science and technology to facilitate digital transformation for governments and enterprises, we concurrently engage in public welfare initiatives and take tangible steps to give back to society. In 2023, our focus was on supporting individuals facing special challenges, aiding rural revitalization efforts, and organizing educational outreach programs for public welfare. We mobilized the Company's resources and leveraged our industrial strengths to execute these public welfare endeavors.

Total Investment in Public Welfare (RMB10,000) in 2023	Total Investment in Public Welfare (RMB10,000) in 2022	Total Investment in Public Welfare (RMB10,000) in 2021
145	**1,457**	**219**

LongShine Group's Total Investment in Public Welfare

Public Welfare Strategic Layout

LongShine Group adheres to the principle of utilizing science and technology for the betterment of society, considering it a cornerstone of our long-term business development strategy. In line with this commitment, the Company established the LongShine Public Welfare Foundation and initiated the Beijing Daisy Public Welfare Foundation. Public welfare initiatives are ingrained in our corporate development trajectory. We persistently explore avenues for public welfare, amalgamating innovative technologies with social resources. Through initiatives such as elderly care, compassionate companionship programs, educational support for youth, and charitable donations, we continuously infuse goodwill and warmth into society.

LongShine Public Welfare Foundation

Aiming to "promote charity undertakings empowered by science and technology and facilitated by digitization", LongShine Public Welfare Foundation takes life care, green development and rural revitalization as the main directions of its work. In active response to China's assistance policies for the central and western parts of the country, the foundation is committed to helping the disadvantaged groups in the society get more support and attention.

Beijing Daisy Public Welfare Foundation

Beijing Daisy Public Welfare Foundation focuses on parts of the country, looking into the common problems of "family loss, learning failure, psychological imbalance, and lack of safety care" among left-behind children, helping them to broaden their horizons and enlightening their hearts, so that they can feel love and care, and grow healthily.

Public Welfare Strategic Layout

Pass life care

In 2023, LongShine Public Welfare Foundation launched a series of life care projects, which targeted at individuals facing special challenges in their entire life cycle:

> **Case** "Rainbow of Dreams·Light of Wish" project

In 2023, LongShine Public Welfare Foundation carried out the "Rainbow of Dreams·Light of Wish" project, focusing on patients at the final stages of their diseases. Through humanistic care activities such as family photos, birthday parties and food tasting in the intensive care unit, the project aims to deliver care and love to these patients and their families, and help them fulfill their dreams. As of December 2023, the project carried out seven activities, benefiting 121 people.

▶▶ "Love with Flowers in Full Bloom" Activity

▶▶ "Time Memory, Happy Photo-taking" Activity

> **Case** "Hand in Hand with Heart·Companion with Love" project

LongShine Public Welfare Foundation started to carry out the "Hand in Hand with Heart·Companion with Love" project in September 2023. We organized themed care activities such as the Mid-Autumn Festival, the Double Ninth Festival, and birthday parties in communities and nursing institutions for the aged, to deliver care and love to the elderly with special difficulties, helping them rebuild confidence in life and spend their remaining year in comfort and warmth. As of the end of 2023, the project had organized seven activities, benefiting 494 people.

▶▶ "Shopping for New Year Goods" Activity

▶▶ Double Ninth Festival Activity at Nursing Institutions for the Aged

Promote Rural Revitalization

LongShine Group proactively implements China's national requirements for rural revitalization. Through LongShine Public Welfare Foundation, we initiated the "Life Escort·Warmth Alongside" project aimed at advancing rural development. In 2023, this initiative launched the "Caring for the Elderly in Rural Areas" and the "Clothing Donation" programs, providing essential living materials and clothing to individuals facing special challenges in Caijiabao Village and Taizi Village, the focal points of the project. This assistance has benefited a total of 104 households in need.

Case **Caring for the Elderly in Rural Areas Initiative**

On September 22, 2023, Dai Qinglin, Director of LongShine Public Welfare Foundation, together with officials from the Party Working Committee and General Office of Xin'an Street, went to Caijiabao Village (a Mutual Assistance County), Haidong City, to carry out the Caring for the Elderly in Rural Areas Initiative themed "Life Escort • Warmth Alongside", donating living materials to 53 senior citizens with special difficulties in the village.

Case **Clothing Donation Initiative**

On October 9, 2023, LongShine Public Welfare Foundation held the Clothing Donation Initiative themed "Life Escort • Warmth Alongside", delivering clothes to the poor people in Caijiabao Village and Taizi Village, Haidong City, Qinghai Province, to help them overcome difficulties and withstand the cold winter. The foundation set up donation points in LongShine Group, calling upon employees of the Company to make use of idle clothes and deliver love and care to families in poor areas. A total of 14 boxes of clothes were collected in this initiative, which were uniformly packed and mailed to Caijiabao Village and Taizi Village after being sterilized and cleaned by the foundation.
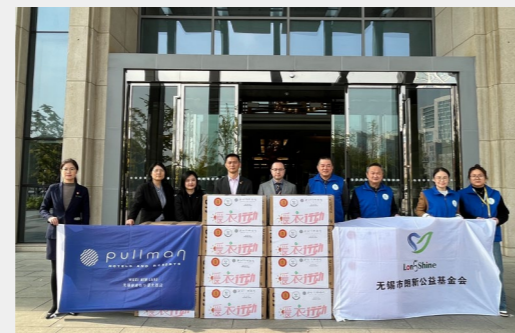
Escort the Growth of the Youth

LongShine Group has taken proactive steps to participate in public welfare education initiatives. In this regard, the Company established the Beijing Daisy Public Welfare Foundation to offer sustained support and aid to young individuals. The foundation organizes a diverse array of care programs for left-behind children, encompassing wish fulfillment, educational summer camps, school visits, and book donations.

Case **"Fulfilling a Wish for Left-behind Children" activity**

On June 1, 2023, LongShine Public Welfare Foundation and Beijing Daisy Public Welfare Foundation jointly launched the second phase of the "Fulfilling a Wish for Left-behind Children" activity, helping 100 left-behind children from the Aiding Lake Hope Primary School of Zhonghai Group in Qiatekale Village, Gaochang District, Turpan City, Xinjiang Uygur Autonomous Region, and Gongya Boarding School in Dege County, Ganzi Prefecture, Sichuan Province to fulfill their wishes for the Children's Day.

Case **Wuxi - Shanghai Summer Camp**

On August 1, 2023, Beijing Daisy Public Welfare Foundation held the Wuxi-Shanghai Summer Camp in Wuxi LongShine Technology Industrial Park. 40 girls from four schools spent a wonderful summer vacation visiting the industrial park. These four schools include the Central School in Langan Town, Huocheng County, Yili City; No. 89 Regiment Primary School, Shuanghe City; Xinjiang production and construction Corps fifth division Shuanghe City; the Aiding Lake Hope Primary School of Zhonghai Group in Qiatekale Village, Gaochang District, Turpan City; No. 1 Middle School, Fuyun County from Xinjiang Uygur Autonomous Region.

Case **School Visits in Xinjiang**

On September 26, 2023, Beijing Daisy Public Welfare Foundation launched school visits to Xinjiang Uygur Autonomous Region, led by Zhang Mingping, Chairman, Shao Yongsheng, Vice Chairman, and Zhao Tao, Secretary-General of the Foundation to Huocheng Primary School in Yili City, No.5 Corps Primary School, and Fuyun Middle School, respectively. In addition to school visits, the teams also visited the children's families to get a overall understanding of their families and living conditions.

Case **Book Donation**

In 2023, LongShine Group continued to donate books to schools through Beijing Daisy Public Welfare Foundation. We donated more than 1,000 books worth RMB58,000 to the No. 3 Primary School in Huade County. In order to support rural revitalization in Miyun District, we signed a contract on site with representatives from the villages and towns in Miyun District to donate 200 books to the People's Government of Miyun County. In addition, we donated more than 3,000 books to Xinjiang University of Science & Technology, contributing to the cause of education.

Participate in Community Development

LongShine Group has played an active role in community development, fulfilling our social responsibilities with dedication. Leveraging our digital capabilities and understanding the needs of local communities, we have sponsored community events, initiated projects for the betterment of residents, and provided support for educational endeavors. Through tangible actions, we strive to extend care and compassion while making meaningful contributions to the development of communities.

Case **Xin'an Governance Development Fund**

In 2023, LongShine Public Welfare Foundation engaged in exchanges and cooperation with Xin'an Street, with a focus on setting up community funds and making innovation in community governance. The Company donated funds to the "Xin'an Governance Development Fund", inspiring more people from the society and community residents to contribute to innovation in community governance. At the same time, the employees of LongShine Group actively participated in the "Xin'an Governance" volunteer activity which involved one senior citizen and one child, helping the community carry out 10 projects and organize 85 activities, which benefited 1,800 people.

Helping the community carry out
10 projects

Helping the community organize
85 activities

Benefiting
1,800 people

Case **"Yiban E-school" Online University Project for the Elderly**

In 2023, LongShine Group leveraged its strengths in digital technology to develop a mini program called "Digital School for the Elderly" which offers an online customized teaching platform to create a "university at the doorstep for the elderly" in the community. The platform enables the elderly to participate in course learning anytime and anywhere. Not only does it resolve the difficulty for the elderly to register for and go to the university, but also helps them adapt to life in the digital age faster and better. In 2023, 150 students were enrolled in the program, with 96 courses generating 4,921 views. The average viewing time was 53 minutes, with an average attendance rate of 70%.

Students enrolled in the course:
150

Total courses:
96

Total views:
4,921

Average viewing time:
53 minutes

Average attendance rate:
70%

Case **Voluntary Seedling Care Activity for Environmental Protection Purpose**

On April 17, 2023, LongShine Group organized volunteers from Beijing Daisy Public Welfare Foundation to participate in the 2023 Voluntary Seedling Care Activity for Environmental Protection Purpose, which was organized by Beijing Cifu Public Welfare Foundation in the Ecological Garden of Dongjiang Park, Shunyi District. More than 30 people participated in this activity. Staff volunteers were actively involved in planting and caring for seedlings to help improve the ecological environment of the community and contribute to community development.

Future Prospect

As a leading energy technology enterprise, LongShine Group is at the intersection of the digital revolution and the energy revolution. We harness the new quality productive forces generated by next-generation digitization, artificial intelligence, the Internet of Things (IoT), electric power, and electronics technologies, along with platform operation models, to drive continuous transformation and upgrading of the energy industry while promoting green and low-carbon development. Our commitment is centered on enhancing energy supply efficiency, increasing operational intelligence, and fostering greener consumption practices. In light of China's "carbon peaking and carbon neutrality" goals and high-quality development strategy, digital technology assumes a critical role in supporting the rapid growth of distributed new energy, electrification of energy demand, construction of new power systems, and reform of the electric power market. The Internet of Energy (IoE) emerges as an inevitable product of the convergence of technology, market dynamics, and institutional reform.

LongShine Group remains steadfast in its commitment to achieving growth propelled by energy digitization and the Internet of Energy (IoE). With a solid foundation in business layout, market expansion, and the accumulation of technologies and talents, the Company has secured a leading position in the industry, poised to capitalize on opportunities presented by the prevailing trends. Moving forward, LongShine Group will continue to actively engage in the energy industry. Leveraging its comprehensive suite of software solutions and service support capabilities in technology and operations, it will assist customers, including State Grid, China Southern Power Grid, and CHN Energy, in their digital and intelligent transformation endeavors, thereby contributing to the construction of new power systems. In the meantime, LongShine Group will harness its Internet of Energy (IoE) platform to aggregate resources such as distributed photovoltaic systems, electric vehicles, charging infrastructure, energy storage solutions, as well as small and medium-sized industrial and commercial users and households. Building upon this foundation, the Company will offer a diverse array of new energy service scenarios, including the integration of new energy vehicles, advancements in the new energy industry, smart highway infrastructure, and cloud computing technology. Furthermore, LongShine Group will establish virtual power plants and zero- or low-carbon industrial parks. By enhancing its platform capabilities and delivering value to customers, the Company aims to support the marketization of the electric power industry.

Appendix

Key Performance Indicator

Indicator	Unit	2023 data	2022 data	2021 data
Economic performance				
Operating revenue	RMB100 million	47.27	45.52	46.39
Net profit attributable to the parent company	RMB100 million	6.04	5.14	8.47
Cash dividend	RMB100 million	5.33	1.33	2.32
Total investment in R&D	RMB100 million	5.18	5.67	5.85
Proportion of R&D expenses within operating revenue	%	10.96	12.45	12.6
Environmental performance				
Waste and contaminants — Waste batteries	Kg	9.7	11	9
Waste and contaminants — Waste selenium drums	Kg	21.9	93	71
Waste and contaminants — Domestic waste	Litre	147,840	/	/
Waste and contaminants — Kitchen waste	Litre	1,452,720	/	/
Use of resources — Office paper consumption	Tonne	4.7	5.01	4.42
Use of resources — Fresh water consumption	Tonne	23,484	9,760	9,458
Electricity consumption	KWh	544.84	436.54	157.32
Social performance				
Number of patents applied	Set	460	406	313
Number of major patents	Set	288	264	196
Number of authorized patents	Set	239	193	122

Indicator	Unit	2023 data	2022 data	2021 data
Social performance				
Number of licensed copyrights	Set	1,228	1,033	880
Number of trademarks	Set	476	483	348
Number of cooperative suppliers	-	1,663	934	396
Total number of employees	Person	5,812	5,716	6,020
Female employees	Person	1,670	1,729	1,645
Male employees	Person	4,142	3,987	4,375
Domestic employees	Person	5,810	5,714	6,018
Overseas employees (including Hong Kong, Macao and Taiwan)	Person	2	2	2
Employees less than 30 years old	Person	2,454	2,687	3,060
Employees between 30 and 50 years old	Person	3,283	2,975	2,913
Employees more than 50 years old	Person	75	54	47
Senior management	Person	46	34	37
Middle management	Person	911	436	516
Ordinary employees	Person	4,855	5,219	5,467
Training hours to employees	Hour	82,573.52	119,134.76	48,321.52
Training hours to employees per capita	Hour/Person	14.01	20.25	4.43
Total investment in public welfare	RMB10,000	145	1,457	219

Feedback Form

Dear readers,

Hello! Thank you very much for reading the Environmental, Social and Governance (ESG) Report 2023 of LongShine Technology Group Co., Ltd. We attach great importance to and look forward to hearing your feedback on the sustainable development management, practice and information disclosure of LongShine Group. 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 your think this report can reflect the significant impact of LongShine Group 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 Group 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

Your are welcome to leave other comments and suggestions on the Environmental, Social and Governance (ESG) Report 2023 of LongShine Technology Group Co., Ltd.

Your contact information

_____

LongShine 朗新