



LongShine Technology Group Co., Ltd.

Annual Report 2021 (Summary)

March, 2022

I. Key Accounting Data and Financial Indicators

1. Key Accounting Data and Financial Indicators in Recent Three Years:

	Current reporting period	The same period of previous year	Increase/decrease of current year over Previous year
Revenue (RMB)	4,639,449,467.87	3,386,979,761.83	36.98%
Net profit attributable to shareholders of listed company (RMB)	846,881,629.38	707,097,839.17	19.77%
Net profit attributable to shareholders of listed company excluding non-recurring gains and losses (RMB)	722,679,685.74	583,594,707.15	23.83%
Net cash flows from operating activities (RMB)	163,851,943.65	388,171,710.57	-57.79%
Basic EPS (RMB Yuan/share)	0.83	0.71	16.90%
Diluted EPS (RMB Yuan/share)	0.81	0.70	15.71%
Weighted average ROE	14.52%	14.13%	0.39%
	As at the end of the reporting period	As at the end of last year	Increase/decrease of current year over Previous year
Total assets (RMB)	8,849,787,273.48	7,738,673,953.42	14.36%
Net assets attributable to shareholders of listed company (RMB)	6,405,957,775.70	5,535,383,023.37	15.73%

During this reporting period, the revenue of LongShine Group reached 4.639 billion yuan with an increase of 36.98% over the same period of last year; the net profit attributable to shareholders of listed company was 847 million yuan with an increase of 19.77% over the same period of last year; and the net profit attributable to shareholders of listed company excluding non-recurring gains and losses reached 723 million yuan with a year-on-year growth of 23.83%.

2. Main Accounting Data by quarter

	Q1	Q2	Q3	Q4
Revenue	600,653,776.68	706,573,934.95	874,559,380.05	2,457,662,376.19
Net profit attributable to shareholders of listed company	49,106,553.59	69,242,019.91	66,301,083.52	662,231,972.36
Net profit attributable to shareholders of listed company excluding non-recurring gains and losses	44,745,025.75	43,191,954.46	63,503,976.44	571,238,729.09

Net cash flows from operating activities	-215,336,068.60	-154,462,868.37	27,329,155.85	506,321,724.77
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3. Profit allocation and capitalization of capital reserve of current year

Bonus shares per 10 shares (share)	0
Dividend per 10 shares (RMB) (tax included)	1.20
Capitalizing per 10 shares (share)	0
Equity base of the allocation plan	1,037,653,106
Cash dividend (RMB) (tax included)	124,518,372.72
Cash dividend in other ways (e.g.share repurchase) (RMB)	107,380,201.91
Total cash dividend (including other ways) (RMB)	231,898,574.63
Allocable profit (RMB)	462,055,897.30
Proportion of total cash dividend (including other ways) over total profit allocation	100.00%

II. Main business review of the company

1. Macro environment and policy background of the company's development

At the General Debate of the 75th Session of The United Nations General Assembly on September 22, 2020, President Xi Jinping stated that: "China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. **We aim to have carbon dioxide emission peak before 2030 and achieve carbon neutrality before 2060.**" At present, the consensus of actively implementing the "double carbon" goal has been reached throughout the country. In 2021, the CPC Central Committee and the State Council successively issued *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faith Implementation of The New Development Philosophy*, *Action Plan for Carbon Dioxide Peaking before 2030* and other guiding policy documents, and to build a "1+N" policy system of carbon neutralization. The Government Work Report in March 2022 put forward the requirements of "orderly promoting carbon peak and carbon neutralization, promoting low-carbon energy transition, improving the consumption capacity of power grid for renewable energy power generation, and accelerating the formation of green production and lifestyle".

Realizing carbon peaking and carbon neutralization is an extensive and profound systematic transition in economy and society. It is also the key to solidly implement the new development philosophy, build a new development pattern and promote high-quality development. **The sector of energy and power is related to national energy security and national economic development, and is as well the main battlefield of carbon emission reduction.** Unprecedented attention has been paid to the energy sector nationwide, and the national policy support and management measures for new energy development has been more mature and rational. Over the past two decades, China has generally solved the problem of insufficient power supply, through domestic energy and infrastructure construction at the power generator and power grid. As China's economy has entered the stage of high-quality development, the contradiction between 'Energy Security, Energy Equity and Environmental Sustainability' faced by China's medium and long-term energy development has become increasingly prominent. **It is necessary to change the way of development and take marketization as the premise, digitization as the basis and consumption scenario as the means. By building a new electric power system, especially focusing**

on the power demand side and promoting the electrification of energy consumption, it will eventually solve the 'Energy Trilemma' problem of Security, Equity and Sustainability.

In 2021, with the promotion of the 'double carbon' strategy, the implementation of electricity market reform was accelerated. In October 2021, the National Development and Reform Commission issued the Notice on *Further Deepening the Market-Oriented Reform of Grid Electricity Online Price of Coal-Fired Power Generation*, which promoted all coal-fired power generation to enter the electricity market and expanded the fluctuation range of market transaction electricity price to 20%. On the other hand, the catalogue electricity price is completely abolished, so as to encourage all industrial and commercial entities to enter the electricity market. For users who have not yet entered the market, power grid will purchase power on behalf of them. In January 2022, the National Development and Reform Commission issued the *Guiding Opinions on Accelerating the Construction of the National Unified electricity Market System*, which made it clear that the national unified electricity market system will be initially completed by 2025 and generally completed by 2030. **The core of electricity marketization is to reflect the relationship between supply and demand through price, form price signal and return to the commodity characteristics of electricity.**

With the marketization of electricity price and more volatile renewable energy in power system, **the fluctuation of electricity price gradually increases, and the personalized demand for energy services continues to emerge. The digitization capability has become the basis to support the marketization and meet the demand for better energy services.** Digital technology runs through the entire life cycle of energy development, production, transportation, utilization and recycling, and has been applied to improve the energy and power system. The State Grid and China Southern Power Grid have built and gradually improved the basic digital power network through a series of planning and construction, such as smart and strengthened power grid and Internet of Things on energy. At present, the digitization construction in energy and power sector not only covers all fields of power grid, it also began to extend to the energy consumption side. The equipment connected to the power grid increased exponentially, generating a large amount of data. The flexibility and interactivity of the network will be greatly improved, a large number of unmet power and energy needs will be met, and the optimal allocation of energy resources will be realized through digital technology, digitalization become the basis of marketization and consumption scenario.

When a large number of demand side scenarios like distributed energy and electric vehicles appear and get connected to the power grid, a highly interconnected energy system is taking shape. Scenario will become the driving force of energy services and redefine the interaction between supply and demand. The traditional business model of providing energy services based on heavy assets is upgraded to a platform model capable of providing service exchange. Based on various consumption scenarios, more opportunities for local energy services are emerging rapidly. Through the energy internet platform that can connect supply and demand and aggregate services, energy consumers can become local energy producers and transmit power to the power grid. They can also become direct participants in the energy market through give response on demand so as to balance the supply and demand nearby. In the future, large-scale distributed power generation on the demand side + energy storage on the demand side + user load control will form a micro-grid to realize the implementation of energy internet, and eventually become the main method to achieve carbon neutralization.

In 2021, the electricity consumption of the entire country exceeded 8 trillion kWh for the first time. Except for a few large power users, the majority of market entities are in shortage of professional energy services. Driven by marketization, digitization and scenario, the openly interconnected and supply-demand interactive energy internet can better meet the needs of users. In addition to basic power services, load aggregation, green power, demand responding, big data value-added services, distributed energy generation will become the new demand of the energy market. Guided by user value, professional energy service platform will play a critical role.

2. Main business of the company

LongShine is a leading technology company in energy industry. It has been serving the field of power and energy consumption, and focuses on the development strategies of "Energy Digitization + Energy Internet" by B2B2C business model. On the one hand, LongShine assists customers such as the State Grid, China Southern Power Grid, Gas Group, and photovoltaic power stations in achieving digital upgrading through software, application and technology services, helping the construction of new electric power system and the innovation of energy service; on the other hand, LongShine carries out operation services in depth through its own energy internet service platform, and joins hands with strategic partners to provide end-users with new scenarios of multiple energy services through flux portals such as Alipay, UnionPay, and City Super APP, the platform helps end-users access to house energy service, electric vehicle charging service, energy efficiency management and other services, and promotes the electrification of energy consumption.

1) Energy Digitization: assisting in the construction of new electric power system and the innovation of energy service

LongShine has been providing services in energy industry for nearly 25 years. In the electricity industry, the company has provided core service system and other solutions for major enterprise customers including the State Grid and China Southern Power Grid. The energy customers served by the company cover 22 provinces / autonomous regions / municipalities directly under the central government, serving more than 270 million energy users. The company actively explores the new energy industry and provides distributed photo-voltaic cloud platform, SaaS services and other products. In the gas industry, the company provides core system solutions for major gas enterprises such as China Resources Gas and China gas. With rich business experience and high-quality technical services, LongShine Technology has established a solid and leading position in the field of energy digitization.

In the electric power industries, LongShine vigorously promotes digital transition and the construction of new electric power systems, complies with the market-oriented development trend, helps customers on reducing costs and increasing internal efficiency, expand external innovation, and improve service quality. With the construction of the new electric power system, LongShine will seize the industrial opportunity, further explore space for development, and expecting its related business to gain accelerated growth. (1) The company continues to provide the core system in electric consumption service, continuously increases investment in R&D, and fully participates in the development of the new generation of core system of the State Grid. (2) In the field of digital new infrastructure, focusing on the development of industry hotspots, the company has actively participated in the innovation and implementation practice of key projects on big data application, IOT (Internet of Things) platform and application, cloud computing platform and application, developed energy big data solutions, and has supported several provinces to carry out innovative applications of big data in energy sector. (3) In terms of energy service and operation, the company actively explore new business opportunities, formed a unique competitiveness combining offline service and online operation in terms of electric vehicle charging operation, marketing operation and comprehensive energy operation, and widely carried out business operation services.

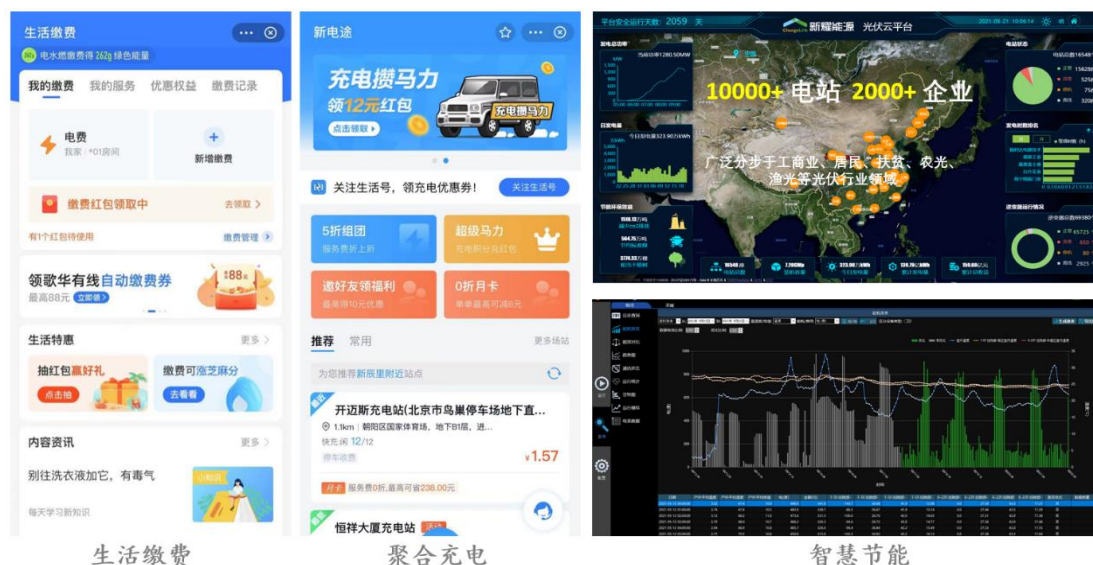
In gas industry, LongShine closely follows the opportunity of the rapid development of urban gas and provides mature solutions and information to support its corresponding platform. The user service information system independently developed by the company covers key businesses such as market development, business registration, meter reading and billing, charging accounts, value-added services, supervision and control and call center. It serves 270 urban gas companies under China Resources Gas, more than 400 urban gas companies under China Gas, as well as other large/medium-sized urban gas companies such as Hong Kong China Towngas, Shenyang gas, Shanxi Jincheng Anthracite Coal Mining Group, Zhejiang Energy Group Co. Ltd.

During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 2.37 billion yuan revenue from energy digitization business with a year-on-year growth of 34.99%.

2) Energy Internet: energy as a service (EaaS), and promoting the electrification of energy consumption

In the field of residential energy services, (1) Since 2013, LongShine has cooperated with Alipay and other flux portals to construct the internet utilities payment scenario, through its own energy internet service platform, providing residents with online services of public utilities such as water, electricity, gas and heating. Up to now, the platform has become the largest online utility payment platform in China, which covering over 400 cities across the country. It has provided professional and convenient Internet utility payment service for over 5,300 public utility agencies and over 350 million household users, and has over 13 million daily active users on the platform. (2) Electric energy substitution in transportation and travel is critical to achieving the electrification of energy consumption. The promotion of electric vehicles is particularly important. Charging points, as the basic supporting facilities for the popularization of electric vehicles, have achieved obvious rapid development in recent years. LongShine builds a third-party aggregate charging service platform, aggregates vehicle/pile networks, and forms an aggregate charging service portal through “Alipay/AutoNavi Maps” with hundreds of millions of active users, providing new energy vehicle owners with charging services featured with “close distance, low price, fast charging, and good experience”. At the end of 2021, the platform has accumulatively involved over 400 charging operators, achieving interconnection with leading operators such as State Grid, China Southern Power Grid, Teld, Star Charge, and Yunkuaichong. It involves over 320,000 charging points in operation, providing charging services for over 2.1 million new energy vehicle owners, and totally providing nearly 630 million kWh of aggregate charging.

In the field of enterprise energy services, (1) LongShine’s “Photovoltaic Cloud Platform” supported by energy IoT-based technology escorts more efficient power generation by many distributed photovoltaic power stations. Relying on comprehensive monitoring, intelligent alarming, AI fault diagnosis, big data analysis, refined operation and maintenance, the platform improves the power generation efficiency of the power stations by digital and intelligent means, achieving the low-cost operation and management goal of “unmanned duty and few people on duty”, and finally achieving the maximum benefit of photovoltaic power stations. Since the construction and operation of the “Photovoltaic Cloud Platform” in 2015, the scale of distributed photovoltaic power stations in China which the platform involves has been among the best in the country. At present, it has involved over 15,000 photovoltaic power stations of various types, with the installed capacity of nearly 10GW, the cumulative green generating capacity of 16.4 billion kWh, and accumulated carbon dioxide emissions decreasing by 17.82 million tons. The future combination of distributed photovoltaic power stations with charging points, energy storage and other scenarios will further promote the development of the company's energy Internet strategy. (2) Supported by energy IoT-based and big data analysis technology, LongShine provides comprehensive energy services such as building energy management and power energy center operation control through the BSE smart energy-saving system, and helps enterprises improve the power consumption efficiency and reduce the input of operation and maintenance personnel by such technical means as intelligent management, control and optimization, so as to achieve energy saving and consumption reduction, with the average energy-saving efficiency of over 15%.



During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 848 million yuan revenue from energy internet business with a year-on-year growth of 43.58%.

3) OTT platform and hardware:

LongShine has entered mutually-trusted and win-win partnership with the operator of China Mobile, Licensee of NewTV, and local radio and television administration, to co-serve the Internet TV users. LongShine is dedicated in guaranteeing normal program watching of household users, presenting rich Internet TV contents to household users in a smooth, stable, and high-quality manner, and obtaining service revenue according to user activity. The company has worked with operators and licensees to provide household users with value-added services besides basic program watching service, such as paid films and television programs, music, education, medical care programs, etc.

The hardware business is mainly about the OTT terminal, which helped to obtain the OTT users in the early days. Nowadays, most of the users in LongShine's OTT platform use third party's terminal. With the development of platform business and the improvement of terminal market ecology, smart terminal business is gradually developing independently.

During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 1.42 billion yuan revenue from OTT platform and hardware business with a year-on-year growth of 36.6%.

III. Revenue and Cost Analysis

1. Products accounting for above 10% of the Company's main revenue or profit

	Revenue	Cost of sales	Gross profit margin	Increase/decrease of revenue over prior year	Increase/decrease of cost over prior year	Increase/decrease of gross profit margin over prior year
By industry						
Energy digitization	2,371,238,139.94	1,328,511,022.91	43.97%	34.99%	43.90%	-3.47%
Energy internet	848,067,473.53	400,290,719.74	52.80%	43.58%	84.26%	-10.42%

OTT platform	1,420,143,854.40	896,417,848.82	36.88%	36.60%	29.29%	3.57%
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	Revenue	Cost of sales	Gross profit margin	Increase/decrease of revenue over prior year	Increase/decrease of cost over prior year	Increase/decrease of gross profit margin over prior year
By product						
Platform operating	1,016,508,162.35	390,082,733.50	61.63%	23.21%	47.36%	-6.28%
Software service	2,548,604,560.65	1,369,958,259.09	46.25%	34.97%	44.40%	-3.51%
Intelligent terminals	850,293,193.29	692,335,195.41	18.58%	54.39%	30.95%	14.58%

2. Cost of Sales

Product	Item	2021		2020		Change (%)
		Amount	As % of cost of sales	Amount	As % of cost of sales	
Platform operating	Cost of Sales	390,082,733.50	14.86%	264,721,903.62	14.44%	47.36%
Software service	Cost of Sales	1,369,958,259.09	52.19%	948,700,950.82	51.73%	44.40%
Intelligent terminals	Cost of Sales	692,335,195.41	26.37%	528,712,918.72	28.83%	30.95%
Other	Cost of Sales	172,843,403.47	6.58%	91,679,544.67	5.00%	88.53%

3. Expenses

	2021	2020	Change (%)	Note of significant change
Sales expenses	313,589,770.40	234,507,834.09	33.72%	Increase with sales revenue growth
Administrative expenses	353,889,058.35	316,584,619.49	11.78%	
Financial expenses	-7,358,215.78	-44,605,349.61	83.50%	Mainly due to the interest of the convertible bond
R&D expenses	572,294,155.07	363,416,581.06	57.48%	Mainly due to the investment energy digitalization as well as the increase of share-based payment

4. R&D expenses

	2021	2020	2019
Number of Engineers (ppl)	3,465	2,408	43.90%

Engineers as percentage of Total headcount	57.56%	48.46%	9.10%
Amount of R&D expenses (RMB)	584,682,167.19	375,193,749.99	325,585,237.58
R&D investment as a percentage of operating income	12.60%	11.08%	10.97%
Capitalized R&D expenses (RMB)	12,388,012.12	11,777,168.93	16,497,809.55
Capitalized R&D expenses as a percentage of R&D expenses	2.12%	3.14%	5.07%

5. Cash Flow

Item	2021	2020	YoY change (%)	Explanation
Subtotal of cash inflows from operating activities	4,085,760,357.29	3,269,556,105.44	24.96%	Mainly due to the COVID-19, the delay of some project acceptance
Subtotal of cash outflows from operating activities	3,921,908,413.64	2,881,384,394.87	36.11%	Mainly due to the increase in R&D and new energy scenario development
Net cash flows from Operating Activities	163,851,943.65	388,171,710.57	-57.79%	Mainly due to the above two reasons.
Net cash flows from Investing Activities	-302,713,354.26	-1,338,328,502.10	77.38%	Mainly due to the decrease of fixed bank deposit
Net cash flows from Financing activities	-87,561,355.31	716,070,440.06	-112.23%	Mainly due to the share repurchase, as well as the convertible bond in 2020.

6. Principal Subsidiaries

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Bangdao	Subsidiary	Energy internet	50 million RMB	1,173,139,166.54	867,664,158.60	848,067,473.53	224,481,216.96	229,670,127.34
YSTen	Subsidiary	OTT TV	175.488857 million RMB	2,303,918,228.57	2,023,525,743.25	1,420,143,854.40	420,726,544.63	372,500,555.60

IV. Analysis on Core Competitiveness

1. LongShine has a leading position in energy digitization construction and service

LongShine Technology Group Co., Ltd. has been providing services in electrical energy field for nearly 25

years, and is a leading company in the field of digital electrical energy service in China. It has strong technology and talent accumulation, and has a deep understanding of the development of informatization and digitization technology application in the electrical energy industry. Relying on its rich business experience and technical capabilities, LongShine has gained leading market share in the industry and good customer reputation. At present, LongShine has a strong brand influence in the industry of digital energy services, has a clear strategic layout, a mature business model and an efficient business path, and has a professional energy digitization system construction and operation service team equipped with more than 2,500 engineers.

LongShine's subsidiary, Bang Dao Technology, is one of the first companies to develop internet payment services for public utilities. LongShine Xinyao is one of the first companies to develop distributed photovoltaic cloud platform services, LongShine Xindiantu is one of the largest accumulated charging platform services. After nearly 10 years of Internet platform construction and the accumulation of operation experience, LongShine has established a platform construction and service team of more than 1000 people, combined with the company's depth Know How of the power business service, this is creating a broader space for the company's future energy Internet business development..

2. With 2B and 2C two-wheel-drive, the platform is made applicable to diverse scenarios

LongShine serves the field of energy consumption by B2B2C business model. On the one hand, LongShine assists customers such as the State Grid, China Southern Power Grid, Gas Group, and photovoltaic power stations in achieving digital upgrading through software, application and technology services, helping the construction of new electric power system and the innovation of energy service; on the other hand, LongShine carries out operation services in depth through its own energy internet service platform, and joins hands with strategic partners to provide end-users with new scenarios of multiple energy services through flux portals such as Alipay, UnionPay, and City Super APP, the platform helps end-users access to house energy service, electric vehicle charging service, energy efficiency management and other services, and promotes the electrification of energy consumption.

LongShine has expanded its energy internet service from the utilities payment to more energy service scenarios, such as charging. Meanwhile, LongShine provides comprehensive energy services such as energy efficiency management, energy saving and emission reduction for corporate customers through distributed photovoltaic cloud platforms and smart energy-saving systems. In the future, with the explosion of demand for the digital system upgrading and construction of 2B-end energy and the continuous emergence of new scenarios for 2C-end energy Internet services, the business income of LongShine will show accelerated growth trend.

3. New technology R&D and platform operation service capabilities

LongShine has always attached great importance to the R&D of energy digitization technology and the business innovation. Its investment on R&D accounted for over 10% of total revenue during recent years. Up to now, LongShine has obtained multiple patents in the industry. After accumulating years of technology and experience, LongShine has formed an all-round technical system throughout platform R&D, big data operation, and system software development, covering cloud computing, big data, IoT, artificial intelligence technology, etc., and accumulating strong middle-platform capabilities and platform products, thus ensuring the leading position of LongShine's long-term business and technology and the stability of sustained profitability. LongShine assists customers in achieving business innovation and technological progress in the energy digitalization in combination with the deep understanding of the energy industry, and by virtue of strong new technology innovation and application capabilities.

LongShine has nearly 10 years of experience engaging in energy Internet platform operation and service. LongShine has been working with flux portal of Alipay to build up Internet utilities payment scenarios since 2013,

and has developed its energy Internet service platform for over 9 years. The platform has expanded its service from providing utilities payment services for less than twenty public utility agencies with hundreds of thousands of transactions at the initial stage to providing services for over 5,300 public utility agencies and 350 million household users with over 5.5 million online transactions every day at present. Based on years of continuous operation in different life scenarios, the energy Internet service platform of LongShine has gained a lot of general capabilities in user operation, scenario construction, intelligent marketing, ecological integration and open technology, and accumulated rich experience in platform operation and Internet service.

4. Mature and steady management, professional implementation capability

After years of continuous operation, LongShine Technology Group Co., Ltd. has fostered an advanced management team with superb skills, rich experience, and teamwork and cooperation attitude. All the top management members of LongShine have experience engaging in energy digitization industry for many years, and are quite capable in corporate operating. LongShine introduced the AMDOCS delivery methodology from the world's leading industry software and technical service company in 2005, and introduced the advanced product development concept and management system IPD (Integrated Product Development) of the industry in 2011. Besides, it obtained SDL-based information security service (safe development) certification in 2014, and CMMI L5 certification in 2017. After years of practical application, LongShine has established a mature integrated product R&D management system that integrates IPD+CMMI+SDL, and corresponding project management procedures, to ensure that all work of LongShine are engaged on the basis of "creating value for customers" and guarantee the overall stable operation.

LongShine adheres to the service-oriented principle. In addition to establishing strong middle-platform capabilities and platform online service capabilities, LongShine has deployed efficient and professional business development and localization service teams in most provinces in China, which can provide customers with all-around on-site services from consulting planning and implementation services to business operation. LongShine conducts local adaptive development and customized transformation of relevant technologies in combination with its own advantages, so as to provide customers and partners with operational and technical services meeting their actual needs. In addition, after accumulating years of experience, LongShine Technology Group Co., Ltd., based on ISO20000 information technology service management standard and in combination with service management practice, has formed a complete set of technical service system, which can provide customers with efficient and high-quality services.

V. Prospect of the company's future development

1. Industry development trend and company development strategy

Digitization is the most important trend in the 21st century. At the same time, energy technology and productivity are making continuous progress. The country has been firmly implementing the 'double carbon' strategy, which is promoting an enormous energy revolution. The integration of electric energy + digital technology will bring new forms of electric energy and new market mechanism, and give birth to a series of new scenarios for electric load and electric energy consumption. LongShine is at the intersection crossroad of the energy revolution and the digital revolution. Driving energy consumption greener, more convenient and more efficient is not only an opportunity, but also a mission.

In the future, LongShine Technology Group will firmly focus on the energy industry, lock on the development driving strategy of 'energy digitization + energy internet' with the business model of B2B2C, and continue to focus on the two business lines of digital upgrading of the energy industry as well as the service operation of energy internet platform.

(1) Energy Digitization

In 2021, the development of the energy industry is facing many opportunities and challenges. The “double carbon” goal promotes the development of clean energy and the construction of new electric power systems. The reform of the electric system has been greatly promoted, by deregulation electricity prices control, formation of a unified national energy market, and the complementarity of medium and long-term electric market and spot market. The rapid growth of electric vehicles and charging stations has driven the continuous emergence of energy internet consumption scenarios. Digitization has become the key to the development of the power and energy industry. It not only includes the development of new digital infrastructure such as cloud computing, big data, internet of things, but also increasingly relies on digital technology in the fields of business operation, customer service, marketing and financial accounting. Both State Grid and China Southern Power Grid have increased investment in the field of digitization, the investment driven by the digital transition of the two Grids during the 14th Five Year Plan period will be hundreds of billions of value. Facing 2022, various supporting policies for electric system reform will be gradually issued and implemented, the energy market will be further active, and the national and social policy support and management measures for the development of new energy will be more mature and rational. While developing new energy, it also takes into account the cost of the whole society and the affordability of the industry. At the same time, the utilization of new energy represented by electric vehicles and charging stations has become a consensus all over the world. All countries have issued measures to eliminate fuel powered vehicles and encourage the development of electric vehicles.

LongShine technology will seize the major opportunity of "double carbon" and combine its advantages in digital technology in the energy industry to provide various competitive digital solutions for power grid and energy enterprises. In addition to consolidating its market leading position in key business areas like energy services, the company will continue to explore new business opportunities and markets. Further expand the market scale in energy digital service sector, comply with the opportunity of electric reform and new power system construction, explore business opportunities, expand market share, and continuously improve the scale of contracts and revenue. At the same time, the company will further innovate its business model, and develop from providing customers with technical solutions to providing customers with digital capacity support including integrated market planning, operation services and technical solutions. The target is to create more value for the energy industry and customers in the new era of "energy revolution + digital revolution".

(2) Energy Internet

On the premise of marketization and digitalization, scenario has become the main way to realize the electrification of energy consumption. When a large number of demand side participants such as distributed energy and electric vehicles appear and get connected to the power grid, a highly interconnected energy system is then taking shape. 'Scenario' will redefine the interaction between supply and demand, through upgrading the business model of heavy assets which only provide energy to a platform model which can exchange services. Based on the scenarios of energy services, more opportunities for local energy services are emerging rapidly. Through the energy internet platform that can connect supply and demand and aggregate services, energy consumers can become local energy producers and transmit power to the power grid while enjoying energy services. They can also become direct participants in the energy market through demand response, and balance supply and demand nearby. In the future, “large-scale distributed power generation + energy storage on the demand side + user load control' will form a micro-grid to realize the implementation of energy internet, and may become the main method to achieve carbon neutralization.

Relying on its own advantages gained from nearly ten years of energy internet operation, LongShine Technology has its own energy internet service platform. The platform has formed many general capabilities, such as scene building, user operating, intelligent marketing, ecological integration and so on. With in-depth

cooperation with Alipay, UnionPay, it will be capable of widely connected and empowered in the energy industry. Right now, the company's energy internet service platform has covered energy service scenarios such as home energy service, electric vehicle aggregation charging, enterprise energy conservation and so on.

At present, electric vehicles and public charging services are facing a historical opportunity of rapid development. By the end of 2021, the number of electric vehicles reached 7.84 million, far exceeding the planned target. As the basic supporting facilities of electric vehicles, charging stations have also become a huge market opportunity. At the same time, considering China's urbanization process and land resource endowment, charging service market will be a huge regional decentralized market with the participation of more independent charging operators. A large number of electric owners need to obtain charging services through public charging stations. In contrast, many independent charging operators are difficult to form an active platform to electric vehicles owners, due to their limited regional market share and single service scenario. Therefore, the joint operation mode of 'super portal' and rich scenes, such as Alipay, and 'aggregate charging platform' with resource integration and operation service advantages will have stronger competitiveness and provide better user experience. This model is expected to become the mainstream mode of public charging service market in the future. More importantly, when the proportion of electric vehicles is increasing, public charging stations will become an important energy node of the urban power grid, and the aggregated decentralized charging load will become an important part of the power consumption of the whole society. The aggregated charging platform will have the opportunity to participate in energy service links such as electric market transaction, demand response, optical-storage-charging integrated stations and so on.

Starting from 2022, LongShine will focus its strategy on “Xindiantu” aggregated charging platform, and increase investment by relying on the company's own deep Know How about market-oriented and digital services of power business. The company will continue to cooperate with Alipay and Navi Map to provide electric vehicle owners with a "more, faster, better and more economical" charging experience to achieve rapid user growth and membership development. At the same time, the company will strengthen in-depth cooperation with State Grid, China Southern Power Grid, Tled, Star Charging and a large number of medium and long size charging operators, accelerate the interconnection of charging stations, and realize the continuous and rapid growth of aggregate network connection and charging capacity. Based on this, the company will explore the possibilities in setting up distributed photovoltaic, electric sales, user side energy storage and aggregate charging platforms, realize the energy operation services such as integrated optical-storage-charging stations, charging + electricity sales, and develop Xindiantu to become the highest customer and commercial value platform.

2. Business plan for 2022

In 2022, based on the industry trends and development strategies, the management team of the company formulated the following business plans from the three business sectors of energy digitization, energy internet and OTT:

(1) In the field of energy digitization, the company will continue to tap the development opportunities brought by the energy revolution and digitization transition. On the one hand, considering the upgrade of core system in Grid, the company will consolidate the dominant position of the existing market and expand new markets. On the other hand, the company will seize the opportunity of promoting electrification and energy conservation efficiency on the energy consumption side of the power grid. The company will continue to expand new business opportunities in big data, marketing operation and comprehensive energy operation. **It is estimated that the company's energy digitization business will maintain a revenue growth of more than 25% in 2022.**

(2) In the field of energy internet, the company's energy internet service platform focuses on the development

of Xindiantu. Through comprehensive connection with charging operators and in-depth cooperation with Alipay and so on, the number of charging station connections, platform users and aggregated charging electricity volume will increase several times. Energy service models such as optical-storage-charging station, charging + power sales will make a breakthrough. **We expect GMV of Xindiantu aggregation charging platform to increase rapidly and strived to obtain 10% of the public charging market in total.** The utilities service will continue to increase the number of connections and active users, and realize the continuous and stable growth of payment scale, value-added operation services. At the same time, the company will promote household energy quantitative services and low-carbon living services, attempt to extend user payment service to household energy services, and explore the scenario of household energy management.

(3) In the field of OTT TV, the company's TV platform, together with operators and licensees, will continue to increase the number of online users of the platform, improve the activity of the platform through in-depth operation, and realize the continuous and stable growth of basic and value-added revenue sharing.

(4) In 2022, the company will continue to invest in R&D and deepen the two driving strategies of the energy industry. The company will support the sustainable development of energy digitization business and the efficient operation of energy internet service platform, and enable the rapid development of new business scenarios.

IV. Company Profile

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