



**LongShine Technology Group Co., Ltd.**

**Annual Report 2020 (Summary)**

**March, 2021**

## I. Key Accounting Data and Financial Indicators

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

	2020	2019	Increase/decrease of current year over Previous year	2018
Revenue (RMB)	3,386,979,761.83	2,968,330,140.42	14.10%	2,671,680,074.85
Net profit attributable to shareholders of listed company (RMB)	707,097,839.17	1,020,167,786.95	-30.69%	187,391,547.30
Net profit attributable to shareholders of listed company excluding non-recurring gains and losses (RMB)	583,594,707.15	405,660,848.62	43.86%	110,179,897.12
Net cash flows from operating activities (RMB)	388,171,710.57	559,833,505.69	-30.66%	20,021,717.75
Basic EPS (RMB Yuan/share)	0.7092	1.1870	-40.25%	0.2693
Diluted EPS (RMB Yuan/share)	0.7053	1.1786	-40.16%	0.2689
Weighted average ROE	14.13%	31.16%	-17.03%	12.88%
	As of Dec.31, 2020	As of Dec.31, 2019	Increase/decrease of current year over Previous year	As of Dec.31, 2018
Total assets (RMB)	7,738,673,953.42	5,925,670,115.77	30.60%	4,147,610,045.27
Net assets attributable to shareholders of listed company (RMB)	5,535,383,023.37	4,639,018,773.41	19.32%	1,678,193,852.96

During this reporting period, the revenue of LongShine Group reached 3.387 billion yuan with an increase of 14.1% over the same period of last year; the net profit attributable to shareholders of listed company was 707 million yuan with a decrease of 30.69% over the same period of last year, which is because the net profit of 2019 contained the 499 million yuan income from investment on BangDao Technology via major assets restructuring and M&A; and the net profit attributable to shareholders of listed company excluding non-recurring gains and losses reached 584 million yuan with a year-on-year growth of 43.86%.

### 2. Main Accounting Data by quarter

	Q1	Q2	Q3	Q4
Revenue	371,479,504.00	486,534,733.68	577,024,750.81	1,951,940,773.34
Net profit attributable to shareholders of listed company	34,839,444.76	46,728,998.41	54,154,782.29	571,374,613.71
Net profit attributable to shareholders of listed company	41,552,732.94	45,338,340.63	52,397,449.94	444,306,183.64

excluding non-recurring gains and losses				
Net cash flows from operating activities	-415,604,147.92	33,285,015.16	187,751,255.91	582,739,587.42

### 3. Profit allocation and capitalization of capital reserve of current year

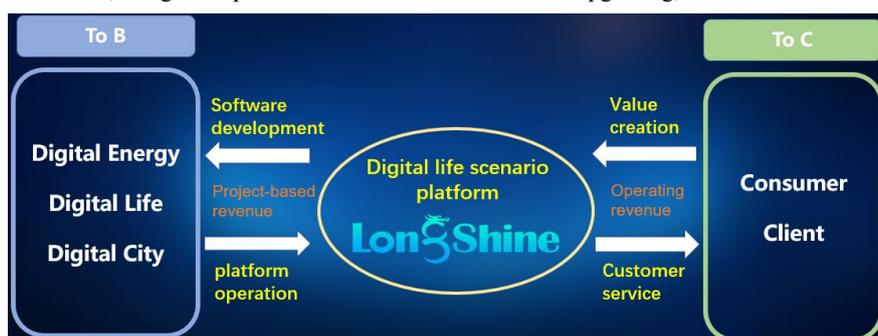
Bonus shares per 10 shares (share)	0
Dividend per 10 shares (RMB) (tax included)	1.2
Capitalizing per 10 shares (share)	0
Equity base of the allocation plan	1,013,220,296
Cash dividend (RMB) (tax included)	121,586,435.52
Cash dividend in other ways (e.g.share repurchase) (RMB)	0.00
Total cash dividend (including other ways) (RMB)	121,586,435.52
Allocable profit (RMB)	673,034,012.65
Proportion of total cash dividend (including other ways) over total profit allocation	18.07%

## II. Main business review of the company

### 1. Main business of the company

LongShine Technology Group Co., Ltd. has always been a leading informatization company in Chinese energy industry. It is featured in powerful technology and talent accumulation, and in-depth understanding about the application and development of industrial information technology. With the trend that the industrial informatization develops towards a higher level of industrial digitalization, LongShine has already set its strategy of business development in 2013, which is to upgrade towards digitalization. LongShine believes that the industrial digitalization would be finally implemented in commercial purpose by collaboration, empowerment, and symbiosis among multiple parties. Relying on over 20 years of accumulation, LongShine has worked with its strategic partners and created a number of industrial digital platforms targeting at life services and Internet TV.

LongShine Technology Group Co., Ltd. focuses on industrial digitization. By the new generation of information technologies, LongShine is dedicated in facilitating the industrial transformation and upgrading, building up digital life scenario platforms, and explores businesses in energy service, life service, and urban service by B2B2C model. Through software development, platform operation, and customer service, LongShine promotes industrial innovation and upgrading, creates and shares new values.



Since 2013, LongShine has shifted its revenue structure from singly relying on to B/to G software service to rely on both software service and to C platform operating.

1) Software service business:

LongShine has been providing services in energy field for over 20 years. In the power industry, LongShine is the core electricity service system and solution provider for large-scale companies, including State Grid and China Southern Power Grid. Generally, the customers of the company spread in 22 provinces/autonomous regions/municipalities directly under the Central Government of China, amounting to 240 million electric power end-users in total; The power marketing and collection software product of the company has been exported to over 10 countries around the world, including Nigeria and Tajikistan; LongShine has been actively expanding its business in new energy services, providing charging pile cloud platforms and distributed photovoltaics cloud platforms for the industry. And in the gas industry, LongShine provides information-based services for core business systems of large-scale gas companies, such as China Resources Gas, China Gas, and Towngas. With the excellent technology and high-quality services, LongShine has established solid and leading advantages and position in the energy field.

The State Grid and China Southern Power Grid in the power industry actively respond to the national requirements on power system reform, thoroughly implement the goals of "peak carbon dioxide emissions and carbon neutrality", vigorously promote the digital transformation, take measures inside the companies to reduce costs and increase efficiency, and keep innovating and improving service quality. Nowadays, it is even more clear that the social energy consumption is shifting to rely more on electric energy. LongShine spares no efforts in seizing the industrial opportunity and further expanding its development, based on which, more rapid rising tendency can be seen on its relative businesses. In gas industry, the company strictly follows the reform of gas industry and the development trend of the comprehensive energy service providers of urban gas companies, to provide mature solutions and information-based supporting platforms. Up to now, it has provided services to 270 urban gas companies affiliated to China Resources Gas, over 400 urban gas companies affiliated to China Gas, and a series of other large/medium-sized urban gas companies such as Towngas, Shenyang Gas, Shanxi Jincheng Anthracite Coal Mining Group, and Zhejiang Energy Group, etc.

Under the background of energy revolution, the digital transformation of the energy industry kept deepening in 2020. The goal of "peak carbon dioxide emissions and carbon neutrality" promoted the power grids to enhance their innovation and investment in the field of power consumption, LongShine has obtained ideal development in fields of core systems of power-usage services, energy interconnection application, and new digital infrastructure construction, and has signed more new orders in these aspects.

**During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 1.888 billion yuan revenue from software service with a year-on-year growth of 34.02%, accounting for 55.75% of the total revenue of the group. In this sector of revenue, the revenue of the energy interconnection business reached 1.427 billion yuan with a year-on-year growth of about 23.11%; and the gross profit of software services reached approximately 940 million yuan, accounting for about 60% of the total gross profit of the group.**

2) Platform operating business:

**Digital life scenario platform:** Based on years of operating experience in various life scenarios and capability enhancement, LongShine has independently researched and developed the digital life scenario platform that is sustainable and iterative, and conducted in-depth cooperation with the portal of Internet flux. While consolidating the basic utilities service for water, electricity, and gas, LongShine has also been trying to make the platform applicable to more scenarios, positively working with portal of Internet flux to explore new business scenarios like charging and parking, which have seen rapid growth.

**Internet TV platform:** LongShine has entered mutually-trusted and win-win partnership with the operator of China Mobile, Licensee of NewTV, or 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.

Based on the long-term accumulation of business service and customer using data of the aforementioned platform, LongShine takes use of the existing platform to achieve value-added services and data monetization by big data analysis and precise algorithms.

LongShine has provided professional digital marketing and operation services to many public service agencies and brand merchants in the field of life services, helping them achieve their business goals of user conversion, active user growth, and marketing and promotion, etc.; And in the field of Internet TV, 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.

Being affected by the pandemic outbreak in 2020, the online services have become more and more popular in people's daily life. The online life service scenarios built up by LongShine and the flux portal have been developed continuously, which are represented by the newly added scenarios and the growth of online user activity on Internet TV open platform. As for the digital life scenario platform of the company, it has served over 330 million users and over 5600 industrial service agencies in 2020, among which, the utilities service has served over 300 million users in 2020, maintained over 10 million active users everyday, and connected to over 4800 public service agencies, ranking top in the market. On the other hand, in the year of 2020, LongShine seized the historical opportunity that the new energy vehicles and charging service market develop rapidly, and achieved breakthrough in the aggregate charging service scenario. As of the end of 2020, the platform has accumulatively involved over 220 charging operators and over 100 thousand charging points nationwide, and launched online-offline closed-loop operation practice in Shenzhen, Guangzhou, Chengdu, Xi'an, Hangzhou, and Fuzhou which has served over 500 thousand new energy vehicle owners and provided 70 million kWh of aggregate charging. In terms of the Internet TV open platform, up to the end of 2020, LongShine had served over 56 million online Internet TV household users with daily active users of 21 million, ranking top in the market of Chinese mobile Internet TV business.

**During the reporting period, LongShine Technology Group Co., Ltd. achieved a cumulative platform operating revenue of 825 million yuan, which shows a year-on-year growth of about 43.33%, accounting for 24.36% over the total revenue of the group. The gross profit of platform operating reached about 560 million yuan, accounting for about 36% over the total gross profit of the group.**

## 2. Analysis on core competitiveness

### 1) First-mover advantages of industrial digitalization in energy field.

LongShine Technology Group Co., Ltd. has always been a leading informatization construction company in Chinese energy industry. It is featured in powerful technology and talent accumulation, and in-depth understanding about the application and development of industrial and corporate-end information technologies. It has achieved strategic upgrading of industrial digitalization business prior to others in the industry. Relying on its cutting-edge business and technical capabilities, leading market share in the industry, and good reputation accumulated over the years, LongShine has formed its influential brand in related industries, and possessed clear strategic layout, mature business model and channels, as well as capable implementation team.

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

Based on 20+ years' business and technology experience serving the energy enterprises, LongShine has been working with super portal of Alipay to build up new digital life service scenarios since 2013. Besides, LongShine has developed its copyright digital life scenario platform to serve C-end users through flux portal, and has expanded its service from payment of water, electricity, and gas to richer fields of charging, parking, and traveling. As for the Internet TV, LongShine provides rich LSD services to Internet TV users based on its experience in operator market. With the ever increasing B-end scenarios, the flux portal activity and the cooperation will be further improved, which in turn will help LongShine expand its life service scenarios in C-end.

### 3) Capability in new technology R&D and innovative application

LongShine has always attached great importance to the R&D of industrial digital 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.

### 4) Mature and steady management, professional implementation capability

After years of continuous operation, Longshine 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 industry informatization and digitalization 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 the all work of the group are engaged on the basis of "creating value for customers" and guarantee the overall stable operation.

### 3. 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
Platform operating	825,022,376.63	264,721,903.62	67.91%	43.33%	29.86%	3.32%
Software service	1,888,288,911.20	948,700,950.82	49.76%	34.02%	41.74%	-2.73%
Intelligent terminals	550,728,765.20	528,712,918.72	4.00%	-37.88%	-24.26%	-17.26%

## III. Outlook for the Company's Future Development

### 1. Industrial development trend and corporate development strategy

China is accelerating its pace entering the digital age. "Accelerating the construction of the digital economy, digital society, and digital government, and driving the reforms in production, lifestyles, and governance through digital transformation" have been made the national strategy.

In the future, LongShine will firmly focus on industrial digitization, and promotes the industrial transformation and upgrading, and constructs digital life scenario platform by the new generation of information technology. It will explore businesses in fields of energy service, life service, and urban service by B2B2C model, Through software development, platform operation, and customer service, LongShine promotes industrial innovation and upgrading, creates and shares new values.

#### (1) Energy Interconnection

LongShine will seize the major opportunities of promoting energy revolution and energy digitalization to provide various competitive energy interconnection solutions to grid and energy enterprises which are engaging in digital transformation based on its first-mover advantages of digital technology and Internet technology in energy industry. While consolidating the leading position in key business market like power service, LongShine also provides solutions for multiple new business formats, such as electricity big data services, electricity marketing internet operations, integrated energy services, charging pile operations, and electricity sales parks, which have won leading position in relative markets. Meanwhile, it will increase investments on the utilization of new energy such as Internet of Things collection, market-oriented operations, and demand response, to promote and take the lead of the energy digitalization development, and to create more value for the energy industry and customers, thereby standing at the frontier of the energy interconnection revolution and the development.

#### (2) Digital life

Relying on its advantages and experience in operating the digital life service platform during the past 10 years, LongShine keeps iterating the digital life scenario platform, and conducts in-depth cooperation with Internet portals like Alipay, UnionPay and City

Super APP, to widely contact with and enable the industrial users, and promote the overall development of the digital life. Currently, the digital life scenario platform of LongShine has covered various public services for water, electricity, and gas, and various other digital life scenarios, such as aggregate charging, public travel, parking, and digital communities. While expanding towards more scenarios horizontally, according to its profound understanding about energy industry, LongShine will accelerate its strategic investment in aggregate charging scenario in view of the historical opportunity of the rapid development of new energy vehicles.

In the year of 2021, LongShine will keep cooperating with flux portal partners of Alipay, AutoNavi Maps, and City Super APP, and conducting in-depth cooperation with charging operators like the State Grid, China Southern Power Grid, and Star Charge to accelerate the interconnection of charging piles. Meanwhile, LongShine will provide value-added operation services to the OEMs, auto service companies, and other enterprises of the new energy vehicle industry from upstream to downstream sectors, including digital charging coupons applicable at all networks, credit car rent withholding, and aggregated data interfaces, etc. With the functions of new energy vehicle owner portraits, charging station portraits, and intelligent supply-demand matching algorithms, LongShine can provide new energy vehicle owners with a better charging experience, and facilitate the urban green travel and the healthy development of the new energy vehicle industry. In the future, LongShine will spare no effort in developing to be the largest third-party aggregate charging service platform in China.

## 2. 2021 operation plan

In 2021, LongShine management team formulates the operation plan as below from both software services and platform operating according to the aforesaid industrial tendency and development strategy.

(1) In the field of software services, LongShine will keep exploring the development opportunities brought by energy revolution and digital transformation to improve the development of its energy interconnection business sector. On one hand, LongShine will take use of the core business system upgrading in the power grid and service field to consolidate its original market advantages and expand new market. And on the other hand, it will seize the opportunity that the electrification, and energy saving & efficiency improving are vigorously promoted in energy consumption side, to make breakthrough in new businesses represented by integrated energy service and charging piles operation. It is expected that, LongShine will achieve faster growth in energy interconnection business in 2021 than that in 2020.

(2) As for platform operation, LongShine will strive to develop the aggregate charging service scenario for new energy vehicles on its digital life scenario platform. By working with nationwide operators, regional head operators, and middle/long-tail operators, and binding with super portals, LongShine will achieve multiplied growth in charging piles number, aggregate charging volume, and number of served new energy vehicle owners. The utilities payment services will be further expanded: LongShine will include more utility agencies, improve the activity of the Alipay utilities, and achieve sustainable and steady growth of payment scale, value-added operating service, and shared revenue. For the Internet TV platform, LongShine will work with operators to keep expanding the number of users on the platform and improve the activity of the platform through in-depth operations, so as to achieve sustainable and steady growth in basic shared revenue and value-added shared revenue.

(3) In the year of 2021, LongShine will continue to increase investment in platform R&D, and deepen platform operation strategy. It will support the efficient operation of digital life scenario platforms through continuous construction of stronger and more flexible middle-platform capabilities, and enable rapid development of new business scenario like aggregate charging by sharing user data and improving marketing capability.

## IV. Company Profile

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