



LongShine Technology Group Co., Ltd.

Semi-Annual Report 2023 (Summary)

August, 2023

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)	1,508,224,098.45	1,607,984,758.29	-6.20%
Net profit attributable to shareholders of listed company (RMB)	86,396,756.01	190,700,303.21	-54.70%
Net profit attributable to shareholders of listed company excluding non-recurring gains and losses (RMB)	52,214,789.31	94,164,610.36	-44.55%
Net cash flows from operating activities (RMB)	-137,285,800.21	-305,420,504.11	55.05%
Basic EPS (RMB Yuan/share)	0.0805	0.1814	-55.62%
Diluted EPS (RMB Yuan/share)	0.0805	0.1814	-55.62%
Weighted average ROE	1.22%	2.96%	-1.74%
	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)	9,384,989,405.42	9,780,429,180.05	-4.04%
Net assets attributable to shareholders of listed company (RMB)	7,375,683,640.62	6,812,411,679.88	8.27%

During this reporting period, the revenue of LongShine Group was 1.508 billion yuan with an decrease of 6.2% over the same period of last year; the net profit attributable to shareholders of listed company was 86 million yuan with an decrease of 54.7% over the same period of last year; and the net profit attributable to shareholders of listed company excluding non-recurring gains and losses reached 52 million yuan with a year-on-year decrease of 44.6%.

II. Main business review of the company

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

Achieving carbon peaking and carbon neutrality is an extensive and profound change to the economic and social systems and the key to boosting high-quality development. **The energy and power sectors, which concern national energy security and national economic development, is the main battlefield of carbon emissions reduction.** Recent years has seen unprecedented public attention paid to the energy sector and more mature and rational national policy support and management initiatives for developing new energy. In the past two decades, China has basically addressed insufficient power supply capacity through infrastructure construction in power supply and grids based on the domestic energy patterns. As China's economy enters a stage of high-quality development, the mid- and long-term contradiction between security, economy, and environmental protection in China's energy development has been more prominent. It is necessary to change the development mindset. **China takes an approach oriented by the market, relying on digital technology, and focusing on scenarios. The**

country is constructing new power systems and progressing the electrification of energy consumption as well as energy conservation and efficiency in an attempt to solve the impossible trinity of “security, economy, and environmental protection” in energy.

Since the beginning of 2021, China’s strategy of carbon peaking and carbon neutrality has gathered momentum and the market-oriented reform of the power market has significantly picked up pace. **The core of the market-oriented reform of power is to reflect supply and demand through prices, send out price signals, and restore to the attributes of power as commodity.** Concentrating on fundamentals in the power sector such as the mid- to long-term market, spot market, ancillary services, transmission and distribution pricing, and demand response, the government has published a series of documents on power reform. The transmission and distribution pricing reform during the third regulatory cycle has been carried out in 2023. The reform highlights the shift in the grid’s operational model from profiting through price differentials to collecting transmission and distribution fees, widens the price gap between high and low voltage transmission and distribution, and addresses issues like cross-subsidies. In May 2023, the National Development and Reform Commission (NDRC) released draft versions of the Electricity Demand Side Management Measures and the Electricity Load Management Measures, establishing clear requirements for demand side response capabilities of different provinces in the new era. Driven by a host of favorable policies, the power market has become more dynamic. According to China Electricity Council’s data, from January to June this year, power trading centers across China witnessed a transaction volume of 2.65 trillion kWh, registering a year-on-year increase of 6.7%. It accounted for 61.5% of the total power consumption, posting a year-on-year increase of 0.9 percentage points. China’s peak-valley price difference is now on the rise. Local governments are consistently refining their time-of-use electricity pricing policies, with more provinces implementing a dual-peak and dual-valley pricing structure.

As power prices are more oriented by the market, a higher proportion of renewable energy sources is integrated into the power system, and energy consumption becomes electrified, power prices fluctuate more wildly and the number of grid-connected installations grows exponentially. Digitalization in the energy and power sectors has been extended to energy consumption on the demand side. As a result, a huge amount of data is generated: more data is updated in real time and the network is more flexible and interactive. Digital technologies can enable the optimal allocation of energy and increasingly serve as the foundation of a market-oriented power sector and scenario-based services. In recent years, demand-side players have been rising rapidly. From January to June this year, China’s newly-installed distributed photovoltaic (PV) capacity was 40.96 GW, accounting for 52% of the country’s total newly-installed PV capacity. Additionally, the newly-installed capacity of industrial and commercial distributed PV stood at 19.44 GW, with an accumulated capacity totaling almost 200 GW. As of the end of June this year, Chinese people owned 16.2 million NEVs, accounting for 4.9% of the total number of vehicles.

As new scenarios such as distributed energy and electric vehicles (EVs) emerge in large numbers and connect to the grid and a highly interconnected energy system is taking shape, scenarios will become the focus of energy services and redefine the interaction between supply and demand. In June 2023, Chinese Premier Li Qiang proposed the idea of “Building an Integrated Industrial Ecosystem Featuring ‘Vehicle, Energy, Highway, Cloud’” for the first time at the Executive Meeting of the State Council. He underscored the need to bring together transportation, IT, and energy, and foster a brand new energy scenario. The traditional business model of providing energy services based on heavy assets is being upgraded to a platform model that enables the exchange of services. Based on scenarios, more opportunities for local energy services are springing up. On energy Internet platforms that connect supply and demand and aggregate services, energy consumers can be local energy producers and deliver power to the grid while enjoying energy services. They can also be direct energy market players by responding to demands and balancing supply and demand close to home. Large-scale distributed power supply, demand-side energy storage, and user load control on the demand side will form virtual power plants or microgrids to enable the

energy Internet, which may become the most important pathway to carbon neutrality.

From January to June this year, China's total power consumption exceeded 4.31 trillion kWh. The power supply and demand saw tight balance as a whole and prominent contradiction in some provinces and regions. Unlike the few large users, most small and medium-sized users of power have no access to professional energy services. **Driven by the market-oriented, digital-technology-dependent, and scenario-based transition, the open and interconnected energy Internet for the interaction between supply and demand can better meet users' needs. In addition to basic power services, load aggregation, green power trading, demand response, power big data, distributed generation, and AI empowerment will be demanded in the power market. Professional energy Internet service platforms oriented by user value will play a vital role in the course.**

2. Main business of the company

LongShine Technology Group Co., Ltd. (LongShine Technology) is a leading technology company in the energy industry and a long-time service provider in the power and energy consumption sector. It adopts a B2B2C business model and upholds a development strategy driven by "energy digitalization + energy Internet." The Company is intensively engaged in the energy industry. With complete solutions, it supports State Grid Corporation of China (SGCC), China Southern Power Grid (CSG), and other Energy Group, in digital upgrading, obtaining middle platform capabilities, and developing platform products to boost the construction of new power systems. On the other hand, the Company builds its own energy Internet platform, where it joins hands with strategic partners to launch energy demand-side services and operations. By aggregating demand-side resources such as distributed PV, EVs, energy storage, small and medium-sized industrial and business enterprises, and household, it builds a variety of new scenarios of energy services for end users. That way, it realizes the interaction between supply and demand and optimal allocation of resources for electric energy and boost the electrification of final energy consumption and power marketization.

1) Energy Digitization: assisting in the construction of new electric power system

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. In the gas industry, the company provides core system solutions for major gas enterprises such as China Resources Gas and China gas. The Company is active in acquiring clients in the energy industry and provide traditional and new energy power generators with digital energy management products and solutions. 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 power and energy industries, LongShine Technology are deeply engaged in the digital transition of power grids and the construction of new power systems. It follows the trend of market-oriented development and supports clients from the power and energy industries in reducing costs and increasing efficiency internally and expanding innovation and improving services externally. The Company has intensified its efforts in the core system of power use services and been fully engaged in developing and constructing SGCC's next-generation energy Internet marketing service system. Focusing on development priorities of the industry, the company plays an active part in developing and implementing key projects concerning IoT collection platforms, load management platforms, and energy big data, and supports the innovation and application of energy big data in many provinces. The company is expanding its business presence. In the proxy operation of grid charging piles, marketing operations, and comprehensive energy operations, it has developed unique competitiveness by combining offline services and online operations and launched business in these sectors in many provinces.

During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 490 million yuan revenue from energy digitization business with a year-on-year increase of 13.4%.

The digital transition of the energy industry is being intensified. Driven by the construction of new power systems and power marketization, the grid has increasing digital demands in power consumption. During the reporting period, the Company's grid-related energy digitization business maintained a good development trend. Revenue in this sector increased by 22% year on year, and the number of new orders grew by more than 40% year on year. Focusing on the digital transition of the energy and power industries, the construction of new power systems, and the market-oriented reform of power, the Company was fully engaged in the promotion and construction of multiple next-generation marketing systems, collection systems, market-oriented trading systems, and load management systems in several provinces. The Company's market presence became more solid. During the reporting period, the Company launched the Marketing 2.0 system in the grids of Shanghai and Shanxi and achieved good results. Now the Company is engaged in the promotion and implementation of the system in more provinces. The Company was also engaged in the construction of the power load management system under the new power system scenario and updated the load control systems of SGCC and CSG. The Company also provided a range of solutions in the domain of energy big data, with a special focus on marketing optimization, load forecasting, and carbon emissions. Additionally, it intensified efforts to integrate with large-scale models through research and development. The Company has successfully carried out proxy operational services for charging piles in various provinces and cities. It has also undertaken marketing services and proxy operational support to expand the client base and promote business among customers. During the reporting period, the profitability of the non-grid energy digitalization business steadily rebounded following team optimization efforts.

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

On the energy supply side, The Company's Xinyao PV Cloud Platform features the energy Internet of Things (IoT) technology-enabled services of comprehensive monitoring, intelligent alarm, AI fault diagnosis, big data analysis, and refined operations and maintenance. It provides distributed PV power plants with software products and SaaS services to improve power generation efficiency and reduce costs. The Platform has been connected to more than 35,000 PV power plants with an installed capacity of about 12 GW. Moreover, it has aggregated 820 distributed PV plants to engage in green power trading in the power market. It is integrated with demand-side scenarios such as charging piles and user-side energy storage to boost the Company's energy operation business.

On the energy demand side, 1) in the household energy consumption sector, the Company has built utilities payment scenarios. It has partnered with Alipay and other portals to provide more than 430 million residential, business, and industrial users with an online service closed loop comprised of inquiry, payment, bills, and receipts for utilities such as water, power, and heat. This business covers more than 400 cities nationwide and has been connected to more than 5,700 public utility agencies of water, power, gas, and heat. It sees nearly 6.6 million transactions and more than 14 million active users on the platform every day. 2) In the sector of energy consumption by car owners, EVs and public charging services are growing explosively. LongShine Technology has launched the Xindiantu, an aggregated charging service platform that aggregates vehicle/pile networks through interconnection technology and provides efficient and cost-effective charging services for NEV owners on established portals such as Alipay, Gaode, WeChat, and Baidu. By the end of June 2023, the Xindiantu platform had been connected to more than 900 charging operators. Its partnerships with leading operators such as TELD, StarCharge, SGCC, and CSG are fast growing. The platform has aggregated over 900,000 charging devices and serves more than 8 million NEV owners, with a cumulative charging volume of more than 4.3 billion kWh. 3) In the field of energy services within parks and urban areas, the Company has established a model for energy operations in low-carbon parks. Utilizing the "Vehicle-Energy-Highway-Cloud" industrial ecosystem as a driving force and supported by energy Internet

platforms and advanced big data analytics, the Company offers a range of services to cities, including parking and charging operations, energy management, user services, and asset management. These services are aimed at creating socio-economic value and delivering better livelihoods.

Virtual Power Plants: Based on the abundant distributed new energy and load resources it has aggregated, the Company's energy Internet platform is launching business practices such as market-based power sales, demand response, and the integration of PV-storage-charging service, which will constitute a typical energy operation model that leads the Company's energy Internet business to continue rapid growth in the future.

During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 558 million yuan revenue from energy internet business with a year-on-year growth of 31.8%.

During the reporting period, the Xinyao PV Cloud Platform was connected to about 10,000 additional distributed PV power plants with a capacity of about 1.2 GW. The market share of industrial and commercial distributed PV was industry-leading. The Company also achieved a breakthrough in the aggregated power sales business of distributed PV, and the number of PV plants that aggregated green power trading exceeded 820. During the reporting period, in the household energy consumption sector, the Company's living bill payment business served more than 430 million users in total, including more than 14 million daily active users. It was connected to more than 5,700 public service payment institutions. In the sector of energy consumption by car owners, Xindiantu, the Company's aggregated charging platform, maintained fast growth. By the end of June 2023, the platform covered over 900,000 charging devices and had over 8 million registered users. In first half of 2023, it reached an aggregated charging volume of nearly 17 billion kW, double that of the previous year. Monthly charging volume posted a consistent increase, with a higher market share of public charging services. During the reporting period, the Xindiantu established strategic collaboration with NEV partners, including BYD, NIO, Li Auto, XPENG Motors as well as partners from the platform and map ecosystems, such as Lalamove and Gogovan. The Platform's user activity also saw a progressive increase. During the reporting period, the impact of the Xindiantu's operating loss on the net profit of the listed company was about 29 million yuan but the efficiency of marketing subsidies kept improving.

During the reporting period, the Company's virtual power plant business saw rapid growth thanks to the Platform's aggregation of a large number of load resources. By pooling resources like distributed PV power plants, charging stations, energy storage, and industrial and commercial clients, the Company engaged in market-driven electricity sales, power-related services, demand-side response, and aggregated green power trading in several provinces. As of the end of the reporting period, the Company has secured electricity sales licenses in over a dozen provinces. Additionally, it has obtained qualifications for demand response or virtual power plants in Jiangsu, Sichuan, Guangdong, and Shenzhen. The annual power trading contracts have surpassed 230 million kWh, with a contracted capacity of over 75 MW for aggregated dispatch. There are nearly 820 PV power plants involved in aggregated green power trading.

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 459 million yuan revenue from OTT platform and hardware business with a year-on-year decrease of 39%.

By the end of June this year, it served more than 72 million online household users, including 25 million daily active users, maintaining a leading position in the mobile Internet TV sector in China. During the reporting period, the intelligent terminal business declined significantly due to customer needs and the procurement pace. The Company generated a revenue of 200 million yuan from the sale of intelligent terminals, registering a decline of 57% year on year. Additionally, the Company established a subsidiary to support the independent development of the terminal business.

III. 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	490,412,082.17	315,785,420.30	35.61%	13.40%	21.61%	-4.34%
Energy internet	558,557,499.45	264,315,973.73	52.68%	31.79%	37.30%	-1.90%
OTT platform	459,254,516.83	283,944,802.53	38.17%	-38.90%	-45.19%	7.08%

	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	644,502,896.63	265,507,107.04	58.80%	17.40%	-0.70%	7.51%
Software service	654,941,381.46	414,695,091.71	36.68%	14.20%	25.86%	-5.87%
Intelligent terminals	201,605,856.42	177,202,346.17	12.10%	-57.20%	-51.60%	-10.18%

IV. Company Profile

Stock abbreviation	Longshine	Stock Code	300682
Website	http://www.longshine.com/		
Contact Us	Board Secretary	Securities Representative	

Name	Wang Shenyong	
Address	F18, Beichen Times Square, No.8 Courtyard, East Beichen Road, Chaoyang District, Beijing	
Tel.	010-82430973	
E-mail	ir@longshine.com	