

**LongShine 朗新**

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

**Semi-Annual Report 2024 (Summary)**

**August, 2024**

## 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)	1,548,556,168.05	1,508,224,098.45	2.67%
Net profit attributable to shareholders of listed company (RMB)	37,199,884.05	86,396,756.01	-56.94%
Net profit attributable to shareholders of listed company excluding non-recurring gains and losses (RMB)	4,547,148.90	52,214,789.31	-91.29%
Net cash flows from operating activities (RMB)	-80,980,062.83	-137,285,800.21	41.01%
Basic EPS (RMB Yuan/share)	0.0345	0.0805	-57.14%
Diluted EPS (RMB Yuan/share)	0.0345	0.0805	-57.14%
Weighted average ROE	0.50%	1.22%	-0.72%
	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)	9,457,467,595.33	9,978,148,404.43	-5.22%
Net assets attributable to shareholders of listed company (RMB)	7,454,377,503.17	7,621,006,322.84	-2.19%

During this reporting period, the revenue of LongShine Group was 1.55 billion yuan with an increase of 2.67% over the same period of last year; the net profit attributable to shareholders of listed company was 37.2 million yuan with a decrease of 56.94% over the same period of last year; and the net profit attributable to shareholders of listed company excluding non-recurring gains and losses reached 4.55 million yuan with a year-on-year decrease of 47.67 million yuan. During second quarter, the net profit attributable to shareholders of listed company excluding non-recurring gains and losses reached 50.66 million yuan, which is 3.84% higher than the same period of last year, the core business recovered rapidly than first quarter.

During this reporting period, the decrease of net profit was due to the shrink of OTT TV business, the total impact on net profit was more than 50 million yuan, while the revenue and net profit of core energy business kept increasing. Grid-related energy digitalization business increased stably, and energy internet business realized high-speed and high-quality increase. LongShine will continue to focus on energy strategy, divest non-energy business, the negative impact is reducing gradually.

## II. Main business review of the company

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

The electric power industry, the focus of LongShine Technology Group Co., Ltd, is currently undergoing a significant transformation. 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. In first half of 2024, China's total social power consumption exceeded 4.66 trillion kWh, a year-on-year increase of 8.1%. The power supply and demand saw tight balance as a whole and prominent contradiction in some provinces and regions. 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. June 2024, the National Energy Administration released the announcement in *consumption of new energy*, and required the electricity system to build the high capacity on new energy consumption. These documents delineate the trajectory of the power spot market's development and the unified power market's evolution, while also outlining specific demands for enhancing demand-side response capabilities across different provinces under the new circumstances. According to China Electricity Council's data, power trading centers across China witnessed a transaction volume of 2.85 trillion kWh in first half of 2024, registering a year-on-year increase of 7.4%. It accounted for 61.1% of the total power consumption. 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 new power systems are being constructed and electricity marketization progresses, digital systems are emerging as crucial infrastructure.** In first half of 2024, China saw a significant expansion in distributed photovoltaic (DPV) capacity, with newly installed capacity reaching 52.88GW, representing 51.6% of the country's total photovoltaic capacity additions. Notably, 37GW of distributed photovoltaic capacity was dedicated to industrial and commercial use, bringing the cumulative installed capacity close to 177.67GW. Additionally, the sales of new energy vehicles (NEVs) reached 4.039 million, pushing market penetration to 40.9%. As of the end of June 2024, China's NEV fleet had reached 24.72million, constituting 7.2% of the total vehicle ownership. As renewable energy integration into the power grid rises and energy consumption shifts towards electrification, the number of devices connected to the power grid has surged exponentially. This trend has catalyzed digital innovation and upgrades across various aspects of the electric power sector, including production, scheduling, metering, marketing, and big data systems on the grid side. Moreover, digitalization has extended to energy utilization on the demand side. Rapid growth has been observed in digital systems such as distributed photovoltaic cloud platforms, public charging service platforms, and power market transaction platforms, generating vast amounts of data. Consequently, real-time data performance, network flexibility, and interaction have markedly improved. The advent of digital technology has facilitated enhanced power energy allocation and improved interaction between supply and demand. It has laid a solid foundation for supporting the construction of new power systems, fostering power marketization, and facilitating various service scenarios. In 2024, the total CAPEX of National Grid exceeded 600 billion yuan for the first time, and digitalization is one of the main

investment directions.

**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.** 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.

In June 2023, during a State Council executive meeting, a proposal was made to **"establish an industrial ecosystem fostering the integrated development of new energy vehicles, the new energy industry, smart highway infrastructure, and cloud computing technology"**. Subsequently, July 2024, the National Development and Reform Commission, the National Energy Administration and the National Data Administration unveiled *the action plan on building new electricity system (2024-2027)*, required to use electric-vehicle storage efficiently and promote the application of V2G. Relevant policies have been put in place to promote the deep integration of the transportation industry and the energy industry, both of which are valued at over 1 trillion RMB each. By leveraging integrated innovations in technologies such as big data, artificial intelligence, the Internet of Vehicles, and new energy, a novel service scenario is being envisioned. **This scenario harmonizes new energy vehicles, new energy, smart highway infrastructure, and cloud computing technology (Intelligent Vehicle-Energy-Infrastructure-Cloud Cooperative System)**, laying the groundwork for the establishment of a comprehensive charging infrastructure network. Consequently, it heralds new opportunities for the Internet of Energy (IoE) and fosters an environment conducive to further development and growth.

## 2. Main business of the company and progress during reporting period

**LongShine Technology Group Co., Ltd. (LongShine Group) 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 Digitalization: providing software solution to energy clients.

LongShine has been providing services in energy industry for more than 26 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 25 provinces / autonomous regions / municipalities directly under the central government, serving more than 460 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 Group has established a solid and leading position in the field of energy digitalization.

In the power and energy industries, LongShine Group 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 469 million yuan revenue from energy digitalization business with a year-on-year decrease of 4.47%. The revenue of Grid-related energy digitalization increased about 10% during reporting period, while revenue of non-grid-related energy digitalization decreased about 60 million yuan.**

During the reporting period, LongShine's power Grid-related energy digitalization business continued to grow steadily, registering an increase of about 10% in revenues and a year-on-year rise in net cash flow from operating activities. Due to the growing demand and investment in the overall digital transformation of the power grid, LongShine consolidated its position and expanded its presence in the market in 2023. On this basis, LongShine's energy digitalization project reserve increased 20% compared with the same period of last year. Major business opportunities include load management, virtual power plants, metering collection, electric vehicle charging and battery swapping operation, electricity trading, energy big data, etc. During the reporting period, Longshine further strengthened its strategic focus on energy industry and significantly reduced its non-grid digitalization business, the revenue and employees shrunk rapidly.

## **2) Energy Internet: energy as a service (EaaS), providing energy consumption service to end-users**

For over a decade, LongShine has been at the forefront of delivering pioneering services within the Internet of Energy (IoE) domain. Through the strategic adoption of digitalization, intelligent technology, Internet of Things (IoT), and other cutting-edge technologies, coupled with a platform operation model, LongShine has spearheaded the development of innovative scenarios across various energy services. These encompass utility payment, aggregated electric vehicle (EV) charging, intelligent Vehicle-Energy-Infrastructure-Cloud cooperative system, virtual power plants and so on. The overarching goal is to enhance energy supply efficiency, elevate operational intelligence, and promote greener consumption practices.

**In household energy consumption sector,** the Company has built utilities payment scenarios. It has partnered with Alipay and other portals to provide more than 470 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 6,400 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.

**In EV energy consumption sector,** EVs and public charging services are growing explosively. LongShine Group has launched 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. By the end of June 2024, Xindiantu platform had been connected to more than 1600 charging operators. Its

partnerships with leading operators such as TELD, StarCharge, SGCC, and CSG are fast growing. The platform has aggregated over 1.3 million charging devices and serves more than 14 million NEV owners, with a cumulative charging volume of more than 9 billion kWh.

**In intelligent Vehicle-Energy-Infrastructure-Cloud cooperative system**, as the transportation and energy sectors continue to intertwine, significant opportunities emerge for their collective development. Drawing on Xindiantu aggregated EV charging platform, LongShine provides a comprehensive suite of services encompassing platform construction, integrated parking and charging operation, energy management, user operation, and asset operation. Through integrated innovation in big data, artificial intelligence, the Internet of Vehicles (IoV), and new energy technologies, LongShine is actively contributing to the establishment of a robust charging infrastructure network, thereby promoting intelligent and eco-friendly travel practices. To date, LongShine has initiated pilot projects or formulated collaboration plans in several cities.

**Virtual Power Plants:** The Company's Xinyao distributed 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 helps distributed PV operators to improve power generation efficiency and reduce costs. The Platform has been connected to more than 350,000 distributed PV power stations with an installed capacity of about 20 GW. Moreover, 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. LongShine has aggregated 3,000 distributed PV power stations to engage in green electricity trading. The company has obtained electricity sales licenses in 25 provinces and acquired demand response or virtual power plant qualifications in various provinces and cities. Notably, the cumulative transaction value of power contracts has surpassed 350 million KWH.

**During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 782 million yuan revenue from energy internet business with a year-on-year growth of 39.96%.**

During the reporting period, LongShine's utility payment business demonstrated consistent growth momentum and maintaining a prominent market position.

During the reporting period, Xindiantu aggregated charging platform stepped into high-quality development stage along with rapid expansion, covering more than 1.3 million charging devices and boasting over 14 million registered users as of the end of June 2024. The aggregated charging volume surged to 2.5 billion KWH in first half of 2024. The operating losses of Xindiantu during the reporting period shrunk obviously, the total loss on LongShine Group's net profit was about 20 million yuan, compared to about 30 million loss during the same period last year.

During the reporting period, LongShine's VPP business experienced remarkable growth. The PV cloud platform successfully integrated approximately 150,000 distributed PV power stations, boasting a combined capacity of around 5GW. By leveraging the aggregation of distributed PV power stations, charging piles, energy storage systems, industrial and commercial customers, and other resources, LongShine actively participated in marketized electricity sales, power auxiliary services, demand-side response initiatives, and green electricity aggregation transactions across multiple provinces. LongShine's annual power trading contracts exceeded 1.6 billion KWH, and finished 800 million KWH of them during reporting period and obtained good profit in Guangdong, Zhejiang province. LongShine's participation in aggregated scheduling exceeded 350MW, and nearly 3,000 distributed PV power stations were involved in the trading of aggregated green electricity.

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.

**During the reporting period, LongShine Technology Group Co., Ltd. achieved a total of 298 million yuan revenue from OTT platform and hardware business with a year-on-year decrease of 35.04%.**

During the reporting period, the OTT TV business was affected by various factors including the more stringent industry regulatory policies, weakening demand and the readjusted sharing mechanism with partners. The revenue of OTT TV decreased more than 35%, among which, the revenue of hardware decreased more than 60%. The net profit of OTT TV business decreased more than 50 million yuan, Longshine has started business improvement and cost control programs to mitigate the subsequent adverse impact, and will divest hardware business within 2024.

During the reporting period, LongShine's Internet TV platform business exhibited steady growth, with a slight increase in the number of household users. As of the end of June 2024, the company's Internet TV platform served approximately 75 million households, with 28 million households accessing the platform daily.

### 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 digitalization	468,502,999.02	315,618,309.68	32.63%	-4.47%	-0.05%	-2.98%
Energy internet	781,737,751.28	382,096,560.97	51.12%	39.96%	44.56%	-1.56%
OTT platform	298,315,417.75	172,214,445.55	42.27%	-35.04%	-39.35%	4.10%

	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	870,205,165.68	375,194,516.19	56.88%	35.02%	41.31%	-1.92%
Software service	597,502,609.13	419,950,961.59	29.72%	-8.77%	1.27%	-6.96%

### IV. Company Profile

Stock abbreviation	Longshine	Stock Code	300682
Website	<a href="http://www.longshine.com/">http://www.longshine.com/</a>		
	Contact Us	Board Secretary	Securities Representative
Name	Wang Shenyong	Wang Shuyang	
Address	Longshine Industry Park, No. 118 Jinghui East Road, Xinwu District, Wuxi	Longshine Industry Park, No. 118 Jinghui East Road, Xinwu District, Wuxi	
Tel.	0510-66676990	0510-66676990	
E-mail	ir@longshine.com	ir@longshine.com	