



# 慧居科技

## 慧居科技股份有限公司

### Wise Living Technology Co., Ltd

(A joint stock limited liability company incorporated in the People's Republic of China)

(於中華人民共和國註冊成立的股份有限公司)

股份代號 Stock code : 2481



# 2025

INTERIM REPORT 中期報告

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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Li Baoshan (*Chairman*)  
Mr. Liu Zhigang (*appointed on 6 March 2025*)  
Mr. Luo Wei

## NON-EXECUTIVE DIRECTORS

Mr. Miao Wenbin  
Mr. Ma Fulin  
Ms. Xu Lijie

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tse Hiu Tung, Sheldon  
Mr. Cheung Ho Kong  
Dr. Zhu Qing

## SUPERVISORY COMMITTEE

Mr. Ma Peilin (*Chairman*)  
Mr. Chen Zhen  
Mr. Wang Shuai

## AUDIT COMMITTEE

Mr. Cheung Ho Kong (*Chairman*)  
Mr. Miao Wenbin  
Dr. Zhu Qing

## REMUNERATION COMMITTEE

Dr. Zhu Qing (*Chairman*)  
Mr. Ma Fulin  
Dr. Tse Hiu Tung, Sheldon

## NOMINATION COMMITTEE

Dr. Zhu Qing (*Chairman*) (*appointed on 22 August 2025*)  
Dr. Tse Hiu Tung, Sheldon  
Ms. Xu Lijie (*appointed on 22 August 2025*)  
Mr. Li Baoshan (*resigned on 22 August 2025*)

## JOINT COMPANY SECRETARIES

Mr. Ma Ke  
Ms. Chan Charmayne (*appointed on 17 January 2025*)  
Mr. Tso Ping Cheong, Brian *FCPA, FCCA, FCG, HKFCG*  
(*resigned on 17 January 2025*)

## AUTHORISED REPRESENTATIVES

Mr. Li Baoshan  
Mr. Luo Wei

## REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

Room 202, 2/F  
No. 15 Shuangliang Road  
Ligang Street  
Jiangyin City  
Jiangsu Province  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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95 Queensway  
Admiralty  
Hong Kong

## LEGAL ADVISERS

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Llinks Law Offices LLP  
Room 3201, 32/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to PRC law*  
Llinks Law Offices  
19F, One Lujiazui  
68 Yin Cheng Road Middle  
Shanghai  
The PRC



## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## PRINCIPAL BANKS

Jiangsu Jiangyin Rural Commercial Bank Co., Ltd.  
Ligang Sub-branch  
No. 180, Lizhong Street, Ligang Town  
Jiangyin City  
Jiangsu Province  
The PRC

China Construction Bank Corporation  
Jiayin Lingang Xincheng Sub-branch  
No. 151–161, Li'nan Street, Ligang Town  
Jiangyin City  
Jiangsu Province  
The PRC

## STOCK CODE

2481

## COMPANY WEBSITE ADDRESS

<http://www.hjkj.cn>

## Financial Performance Highlights

	Six months ended 30 June		
	2025	2024	Change
	(RMB'000)	(RMB'000)	(Approx.)
	(Unaudited)	(Unaudited)	
<b>Interim condensed consolidated statement of comprehensive income</b>			
Revenue	759,571	833,999	-8.9%
Profit and total comprehensive income attributable to owners of the Company	111,741	112,287	-0.5%
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	0.37	0.37	0%

	30 June	31 December	Change
	2025	2024	(Approx.)
	(RMB'000)	(RMB'000)	
	(Unaudited)	(Audited)	
<b>Interim condensed consolidated statement of financial position</b>			
Total assets	5,519,318	5,966,668	-7.5%
Equity attributable to owners of the Company	1,237,002	1,174,722	+5.3%
Total liabilities	3,991,268	4,537,820	-12.0%



# Management Discussion and Analysis

## INDUSTRY REVIEW

### Overview of the Heat Services Industry in the PRC

For the residents in northern regions of the PRC, especially the “Three North Region”, who face extreme cold weather during the winter months, the heat services industry is one of their most essential services. During the last few years, the demand for heat services in the PRC has been increasing, with the total heat services area increased from 8.8 billion sq.m. in 2018 to 11.5 billion sq.m. in 2023, representing a compound annual growth rate of 5.5%. It is expected that the total heat services area in the PRC will increase to 13.8 billion sq.m. in 2027. In line with the implementation of carbon peaking and carbon neutrality objectives, PRC Government encourages municipal governments to develop different ways of clean heating and accelerate the replacement of traditional coal-fired boilers with clean energy. The National Development and Reform Commission have successively issued documents including the 2024–2025 Action Plan for Energy Conservation and Carbon Reduction (《2024–2025年節能降碳行動方案》) and the Opinions on Strengthening the Clean and Efficient Utilization of Coal (《關於加強煤炭清潔高效利用的意見》) to promote clean heating methods such as industrial waste heat and geothermal energy. Driven by the industry trend of clean heating, heat services companies have been innovating their heating technology and diversifying their heat sources to achieve cleaner and more efficient heating services.

### Overview of the Engineering Construction Services Industry Specialising in Heat Facilities in the PRC

The development of the engineering construction services industry specialising in heat facilities in the PRC has benefited from the continuous development of the heating services industry, particularly the growing demand related to existing facility upgrades and new energy-efficient facility construction, and policy support from the PRC government. In anticipation of the continuous development of the heat services market in the PRC, it is expected that the market size of the engineering construction services industry specialising in heat facilities will increase to RMB70.8 billion in 2027. The 2024–2025 Action Plan for Energy Conservation and Carbon Reduction (《2024–2025年節能降碳行動方案》) sets out the trend toward low-carbon building practices, including actively promoting smart construction methods and advancing clean heating in northern regions of the PRC.

### Overview of the EMC Industry in the PRC

The EMC industry has developed rapidly in the PRC since the beginning of the “12th Five Year Plan” (《中華人民共和國國民經濟和社會發展第十二個五年規劃綱要》). In line with the development of electricity and heat services industries in northern China, an increasing number of energy-related enterprises in this region are opting for EMC services as a way to fulfil their environmental protection objectives. The PRC government has also promulgated a series of regulations and policies to offer preferential tax treatments, interest subsidies and financial rewards for companies meeting energy conservation thresholds.

## BUSINESS REVIEW

### Overview

We were one of the leading non-State-owned cross-provincial heat service providers in the PRC in terms of actual heat services area in 2024. Since our inception in 2010, we have established a leading position in the heat service industry in the “Three North Region”. During the Reporting Period, our revenue was approximately RMB759.6 million, representing a decrease of 8.9% as compared with approximately RMB834.0 million for the Corresponding Period. The profit attributable to owners of the Company during the Reporting Period was RMB111.7 million, representing a decrease of 0.5% as compared with RMB112.3 million for the Corresponding Period.



# Management Discussion and Analysis

## Business Model

During the Reporting Period, we were principally engaged in the provision of (a) heat services to residential and non-residential customers under concession rights; (b) heat-related engineering construction services; and (c) heat-related EMC services.

### (1) Heat Services

As at 30 June 2025, we had seven heat service projects under concession rights, three of the seven projects were in Shanxi Province, two were in Inner Mongolia Autonomous Region, one was in Gansu Province, and one was in Henan Province. In respect of Baotou Project, the engineering construction work has been substantially completed. Upon customer's confirmation of the exact production time, we will proceed with commissioning and arrange for the final acceptance before commencement of normal operations. Our total actual heat service area was approximately 50.2 million sq.m. as at 30 June 2025, representing an increase of 3.5% from approximately 48.5 million sq.m. as at 30 June 2024. For the Reporting Period, revenue generated from our heat services was approximately RMB723.2 million (Corresponding Period: RMB696.5 million), including (a) fees from customers for provision and distribution of heat of approximately RMB573.1 million (Corresponding Period: RMB551.4 million), (b) price subsidies from local government of approximately RMB92.4 million (Corresponding Period: RMB92.5 million), and (c) pipeline connection fee of approximately RMB57.7 million (Corresponding Period: RMB52.6 million). The increase in the revenue generated from heat services for the Reporting Period was mainly attributable to the increase in heat services area, which led to the increase in the revenue from fees for provision and distribution of heat and the increase in the revenue from pipeline connection fees.

#### A. Heat Service Customers

During the Reporting Period, our heat service customers included both residential and non-residential customers. As at 30 June 2025, we had approximately 387,280 heat service customers (30 June 2024: 385,841). The table below sets out our revenue generated from customers for our provision and distribution of heat by customer type for the periods indicated.

	Six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Residential	342,745	59.8%	331,490	60.1
Non-residential	230,369	40.2%	219,913	39.9
Total	573,114	100.0%	551,403	100

#### B. Heat Sources

During the Reporting Period, our heat sources included (a) heat procured from third party, and (b) heat self-produced by the Group (including heat produced by coal-fired boilers, residual heat collected at cogeneration plants and geothermal heat). Our different and diversified heat sources can ensure the provision of stable and reliable heat service to our heat service customers.

#### C. Heat Distribution

Our heat distribution network comprises two component networks: (a) the primary distribution network, and (b) the secondary distribution network. As at 30 June 2025, we operated and owned most of our primary distribution pipelines with an aggregate length of approximately 737.6 kilometers (30 June 2024: 698.9 kilometers).



## Management Discussion and Analysis

### (2) Heat-related Engineering Construction Services

During the Reporting Period, revenue generated from our engineering construction services was approximately RMB23.3 million, representing a decrease of 80.9% from approximately RMB122.2 million for the Corresponding Period, which was mainly due to the decrease in revenue from heat-related engineering construction services as a result of the decrease in pipeline network construction work and heat exchange station construction projects during the Reporting Period. The table below sets out the revenue generated from our engineering construction services by service type for the periods indicated.

	Six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Engineering construction services for our concession operations	19,420	83.3	108,799	89.0
Engineering construction services provided to customers	3,901	16.7	13,403	11.0
<b>Total</b>	<b>23,321</b>	<b>100.0</b>	<b>122,202</b>	<b>100.0</b>

### (3) Heat-related EMC Services

During the Reporting Period, we provided energy-conservation service to an energy consuming enterprise to achieve certain energy-saving goals. For the Reporting Period, revenue generated from this EMC project was RMB1.5 million, remaining the same as RMB1.5 million for the Corresponding Period, which was derived from the share of profit accrued from energy conserved as a result of our energy-conservation services provided.

### (4) Other Businesses

During the Reporting Period, we also engaged in other businesses, including (a) provision of designing services, which mainly consisted of indoor heat operation designing and consulting services, to some government authorities and commercial operators; (b) the provision of heat transmission services to a number of customers; and (c) the sale of heat service facilities (including heat service equipment, devices and relevant parts) to operators who required such facilities for their business operation. The revenue generated from other businesses amounted to RMB11.6 million, representing a decrease of 15.9% from RMB13.8 million for the Corresponding Period. This was mainly due to the decrease in revenue from the provision of heat transmission services by a subsidiary of the Company.

### (5) Honors and Awards

In February 2025, the Company was honoured as “Outstanding Overseas Listed Company (2024年度優秀境外上市公司)”. In February 2025, Shanxi Xixian Shuangliang Low Carbon Environmental Clean Energy Company Limited\* (山西省隰縣雙良低碳環保清潔能源有限公司) was honoured as “Outstanding Contributor to County Economic Development 2024 (2024年度縣域經濟發展傑出貢獻企業)”. In March 2025, the Company received “2025 China ESG Digital Empowerment Brand (2025中國ESG數位化賦能品牌)” award. In March 2025, Wise Living Tech-Thermal Power (Zhengzhou) Company limited\* (慧居科技熱力(鄭州)有限公司) was awarded the “Outstanding Enterprise in Public Utilities” (公共事業優秀企業). In May 2025, Hulunbuir Shuangliang Energy System Company Limited\* (呼倫貝爾雙良能源系統有限公司) was certified as an “Innovative SME (創新性中小企業)” and in June 2025, Lanzhou Shuangliang was recognised as a “Special, Sophisticated, Distinctive and Innovative SME (專精特新中小企業)”.



# Management Discussion and Analysis

## FINANCIAL REVIEW

The following table sets forth the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2025 and the six months ended 30 June 2024, respectively.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	759,571	833,999
Cost of sales	(520,005)	(600,205)
<b>Gross profit</b>	<b>239,566</b>	233,794
Administrative expenses	(72,427)	(70,229)
Reversal of impairment losses on financial assets and contract assets	3,441	19,411
Other income	17,568	18,446
Other losses — net	(3,888)	(2,247)
<b>Operating profit</b>	<b>184,260</b>	199,175
Finance income	7,481	10,077
Finance costs	(18,432)	(23,250)
Finance costs — net	(10,951)	(13,173)
Share of profit of associates accounted for using the equity method	2,606	4,579
<b>Profit before income tax</b>	<b>175,915</b>	190,581
Income tax expenses	(27,251)	(35,927)
<b>Profit and total comprehensive income for the period</b>	<b>148,664</b>	154,654



# Management Discussion and Analysis

## Revenue

The following table sets out our revenue by type of service/product for the periods indicated.

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Heat services		
— Fees from customers for provision and distribution of heat	<b>573,114</b>	551,403
— Price subsidies from local government	<b>92,388</b>	92,490
— Pipeline connection fees	<b>57,666</b>	52,591
<b>Sub-total</b>	<b>723,168</b>	696,484
Engineering construction services	<b>23,321</b>	122,202
EMC services	<b>1,488</b>	1,488
Heat transmission services	<b>1,589</b>	2,128
Sales of goods	<b>694</b>	1,986
Designing services	<b>4,892</b>	2,974
Others	<b>4,418</b>	6,737
<b>Total</b>	<b>759,571</b>	833,999

During the Reporting Period, our revenue was mainly generated from (a) fees from customers for provision and distribution of heat, and (b) pipeline connection fees. For the Reporting Period, our revenue decreased by 8.9% from approximately RMB834.0 million for the Corresponding Period to approximately RMB759.6 million for the Reporting Period, primarily due to the decrease in the revenue from engineering construction services as a result of market fluctuation.

## Cost of Sales

During the Reporting Period, our cost of sales mainly includes (a) costs for purchases of heat, (b) amortisation of intangible assets, (c) materials consumed, and (d) utility costs. Our cost of sales decreased by 13.4% from approximately RMB600.2 million for the Corresponding Period to approximately RMB520.0 million for the Reporting Period, primarily attributable to the decrease in engineering construction services in the Reporting Period.

# Management Discussion and Analysis

## Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin by type of service/product for the periods indicated.

	Six months ended 30 June			
	2025		2024	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Heat services	233,090	32.2	215,365	30.9
Engineering construction services	181	0.8	11,993	9.8
EMC services	350	23.5	260	17.5
Heat transmission services	1,174	73.9	1,527	71.8
Sales of goods	389	56.0	989	49.8
Designing services	3,453	70.6	1,196	40.2
Others	929	21.0	2,464	36.6
Total	239,566	31.5	233,794	28.0

For the Reporting Period, our gross profit was approximately RMB239.6 million, representing an increase of 2.5% as compared with approximately RMB233.8 million for the Corresponding Period.

For the Reporting Period, our gross profit margin was approximately 31.5% (Corresponding Period: 28.0%). The increase in gross profit margin was mainly attributable to the cost-control measures adopted by the Group and a market-driven reduction in the scale of operation of the engineering construction services.

## Administrative Expenses

Our administrative expenses mainly consist of (a) employee benefit expenses, (b) depreciation of property, plant and equipment, (c) business entertainment expenses, and (d) travelling expenses. Our administrative expenses increased by 3.1% from approximately RMB70.2 million for the Corresponding Period to approximately RMB72.4 million for the Reporting Period, primarily attributable to the increase in employee benefit expenses.

## Reversal of Impairment Losses on Financial Assets and Contract Assets

During the Reporting Period, we recorded a reversal of impairment losses in respect of our trade, lease and other receivables and contract assets. For the Reporting Period, we recorded a reversal of impairment losses of approximately RMB3.4 million, as compared with a reversal of impairment losses of approximately RMB19.4 million for the Corresponding Period, primarily due to a comparatively smaller reversal of bad debts during the Reporting Period as compared to the Corresponding Period.

## Other Income

During the Reporting Period, our other income consisted of (a) government grants, and (b) rental income. For the Reporting Period, our other income was approximately RMB17.6 million, representing a decrease of approximately 4.3% from approximately RMB18.4 million for the Corresponding Period, primarily due to the decrease in government grants during the Reporting Period as compared to the Corresponding Period.



# Management Discussion and Analysis

## Other Losses — net

During the Reporting Period, our other losses-net consisted of fair value losses of investment properties. For the Reporting Period, our other losses-net was approximately RMB3.9 million, representing an increase of approximately 77.3% from approximately RMB2.2 million for the Corresponding Period, primarily due to the increase in fair value losses of investment properties.

## Finance Income and Costs

For the Reporting Period, our finance income amounted to approximately RMB7.5 million, representing a decrease of approximately 25.7% from approximately RMB10.1 million for the Corresponding Period, primarily due to the decrease in the interest income from bank deposit.

For the Reporting Period, our finance costs amounted to approximately RMB18.4 million, representing a decrease of approximately 21.0% from approximately RMB23.3 million for the Corresponding Period, primarily due to the decrease in borrowings for the Reporting Period as compared to the Corresponding Period.

## Income Tax Expenses

For the Reporting Period, our income tax expenses amounted to approximately RMB27.3 million, representing a decrease of approximately 24.0% from approximately RMB35.9 million for the Corresponding Period, primarily due to the decrease in income tax expenses as a result of the decrease in profit before tax for the Reporting Period.

## Profit for the Period

For the Reporting Period, profit for the period amounted to approximately RMB148.7 million, representing a decrease of approximately 3.9% from approximately RMB154.7 million for the Corresponding Period, primarily attributable to the decrease in the reversal of impairment losses on financial assets and contract assets.

## Profit Attributable to Owners of the Company

For the Reporting Period, profit attributable to owners of the Company amounted to approximately RMB111.7 million, representing a decrease of approximately 0.5% from approximately RMB112.3 million for the Corresponding Period. Profit attributable to owners of the Company was basically in line with the decrease in profit for the Reporting Period.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, we financed our operations with cash generated from operating activities and bank borrowings. As at 30 June 2025, we had cash and cash equivalents of approximately RMB309.1 million (31 December 2024: RMB645.7 million) and restricted cash balances of approximately RMB31.0 million (31 December 2024: RMB74.2 million). The cash and cash equivalents of the Group are held in RMB, US dollars and HKD. The restricted cash of the Group were deposits for the storage service of the leased heating pipeline.

As at 30 June 2025, we had current assets of approximately RMB1,074.2 million (31 December 2024: RMB1,470.0 million) which comprised inventories, trade receivables, prepayments and other receivables, restricted cash and cash and cash equivalents. As at 30 June 2025, we had current liabilities amounted to approximately RMB1,511.9 million (31 December 2024: RMB1,913.2 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 0.7 times as at 30 June 2025 (31 December 2024: 0.8 times).

## Gearing ratio

As at 30 June 2025, the gearing ratio, calculated by dividing total borrowings by total equity, was 0.5 (31 December 2024: 0.5).

# Management Discussion and Analysis

## Borrowings

During the Reporting Period, our borrowings primarily consisted of bank borrowings. There was no material seasonality of borrowing requirements for the Group. As at 30 June 2025, the bank borrowings were approximately RMB695.9 million (31 December 2024: RMB726.7 million), of which approximately RMB338.6 million will be repayable within 1 year (31 December 2024: RMB299.7 million). Our borrowings were all denominated in RMB.

As at 30 June 2025, the bank borrowings of Hulunbuir Shuangliang Energy System Company Limited\* (呼倫貝爾雙良能源系統有限公司) amounting to approximately RMB170.3 million (31 December 2024: RMB149.2 million) were guaranteed by the Company and secured by certain trade receivables. The bank borrowings of Lanzhou Shuangliang amounting to approximately RMB101.6 million (31 December 2024: RMB102.4 million) were guaranteed by the Company and Gansu Shuangliang Energy System Investment Company Limited\* (甘肅雙良能源系統投資有限公司) and secured by certain intangible assets. The bank borrowings of Lanzhou Shuangliang amounting to approximately RMB139.0 million (31 December 2024: RMB198.8 million) were guaranteed by the Company and secured by certain trade receivables. In addition, the bank borrowings of Shuo Zhou Renewable Energy amounting to approximately RMB162.5 million (31 December 2024: RMB175.0 million) were guaranteed by Taiyuan City Renewable Energy Heat Supply Company Limited\* (太原市再生能源供熱有限公司), the Company and secured by price subsidy receivables and certain intangible assets. Furthermore, the bank borrowings of Wise Living Tech-Thermal Power (Zhengzhou) Company Limited\* (慧居科技熱力(鄭州)有限公司) amounting to approximately RMB10.4 million (31 December 2024: RMB9.9 million) were guaranteed by the Company and secured by certain trade receivables.

As at 30 June 2025, bank borrowings of certain subsidiaries of the Group amounting to approximately RMB112.0 million (31 December 2024: RMB34.0 million) were guaranteed by the Company.

The weighted average effective interest rate of borrowings was 4.23% per annum as at 30 June 2025 (31 December 2024: 4.43% per annum). As at 30 June 2025, bank borrowings of the Group amounting to approximately RMB695.9 million were at fixed interest rates ranging from 3.10% to 5.19% per annum.

## FOREIGN EXCHANGE EXPOSURE

The principal activities of the Group are operated in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities, other than the assets denominated in HKD. Currently, we do not implement any foreign currency hedging policy. For the Reporting Period, the Group did not enter into any forward contract to hedge its exposure to foreign currency risk (2024: same). We will closely monitor the exchange rate in the market and take appropriate countermeasures and policies when necessary.

## CAPITAL COMMITMENTS

As at 30 June 2025, we had capital expenditures contracted for but not yet incurred of approximately RMB32.3 million as compared to approximately RMB29.2 million as at 31 December 2024. Our capital commitments were mainly related to intangible assets that we purchased for the construction of heat service facilities in order to expand our existing heat service project and prepare for a new heat service project.

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL

The Group did not have any significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

## CHARGES ON ASSETS

As at 30 June 2025, intangible assets with carrying amount of approximately RMB732.0 million (31 December 2024: RMB733.3 million) were pledged as collaterals for the bank borrowings of the Group.

As at 30 June 2025, trade receivables with carrying amount of approximately RMB137.9 million (31 December 2024: RMB127.5 million) were pledged as collaterals for the bank borrowings of the Group.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2025.

## TREASURY AND INVESTMENT POLICY

It is our treasury management policy to utilise surplus cash reserves to invest in financial products and generate income without interfering with our business operations or capital expenditures, in order to provide sustainable benefits for the Group. Mr. Luo Wei, one of the executive Directors and a deputy general manager of the Company and Mr. Yang Xiaojin, the chief financial officer of the Company, both possess the management expertise for the investment in financial products. To control the risks of the Group, we typically invest in low-risk and short-term financial products issued by banks in the PRC.



# Management Discussion and Analysis

## EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 30 June 2025, the Group had 830 employees (31 December 2024: 849). For the Reporting Period, the total employee benefit expenses of the Group were approximately RMB46.6 million. The remuneration package of our employees includes basic salary, performance salary and allowances. We determine employee remuneration based on factors such as qualifications, expertise and years of relevant experience. We have complied with and will continuously comply with, PRC laws and regulations relating to social welfare. In accordance with applicable PRC regulations, the Group currently participates in social insurance contribution plan organised by the relevant local governments. No forfeited contribution was available and utilised by the Group to reduce its future contributions to the social insurance contribution plan for the Reporting Period. The Group currently provides employees with pension insurance programme, medical insurance programme, unemployment insurance programme, individual work injury programme, maternity insurance contributions and employee public housing reserve contributions and other welfare benefits.

The Group places emphasis on the development of its employees. In order to advance the skills and knowledge of its employees as well as to explore new potentials from its workforce, the Group has invested in continuing education and training programmes for its management and ordinary staff members to update their skills and knowledge periodically. Generally, our training focuses on matters relating to its operation, technical knowledge and work safety standards and environmental protection.

## QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on prevention of the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Please refer to Note 5 to the interim condensed consolidated financial information included in the Appendix to this interim report for further details.

## PROSPECTS

In the second half of 2025, the Company will adopt a dual-driven strategy of "scale × quality", focusing on expanding new heat services (including heat service of steam supply) and steadily advancing project implementation in major northern provinces in China. At the regional level, the Company will focus on the Bohai Economic Rim (which includes the Liaodong Peninsula, Shandong Peninsula, and the Beijing-Tianjin-Hebei region), while treating Inner Mongolia and Shanxi as key growth areas. The Company will also selectively launch pilot projects in other cities, depending on the business environment and project maturity.

On the operational side, the Company will continue to optimise its diversified heat sources, including the use of waste heat recovery, to promote clean operations and intelligent dispatching, reduce pipeline energy losses, and enhance service quality and operational effectiveness.

The Company will maintain strict safety and environmental standards and actively support the "Dual Carbon" goals. By building on successful pilot projects, the Company plans to expand step by step across regions, driving long-term value creation.

In addition to ensuring the steady growth in the performance of our existing projects and seeking market expansion, the Group has also focused on the following two key areas in 2025:

### (1) To continuously improve the digitalised heat service platform

In addition to the continuous improvement of our existing intelligent heat service platform, the Group has set up a research and development team to formulate a development plan for the digitalised platform and strengthen its functional development, with an aim to achieve management optimisation, intelligent optimisation and safety optimisation of our heat services.



# Management Discussion and Analysis

## (2) To operate the Heating Technology Center at the Central Research Institute for Carbon Neutrality

The Heating Technology Center has been established at the Central Research Institute for Carbon Neutrality. The Group is actively conducting research on the application of various new energy sources for heat services, formulating development plans for carbon-neutral heating technologies, increasing investment in scientific research, and promoting the adoption of suitable new energy solutions, thereby supporting the Group's expansion in the heat service market.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, the Board is not aware of any significant event occurred that materially affect the Group's financial condition or operation following the Reporting Period and up to the date of this interim report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as at the date of this interim report, the Company did not have any future plans for material investments or additions of capital assets.

## Other information

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors, supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Name of Director/ supervisor/chief executive	Position	Class of Shares <sup>(2)</sup>	Nature of interest	Number of shares <sup>(1)</sup>	Approximation percentage of holding <sup>(3)</sup>
Mr. Li Baoshan	Executive Director	H Shares	Beneficial owner	6,000,000	1.99%
Mr. Miao Wenbin <sup>(4)</sup>	Non-executive Director	H Shares	Other interests <sup>(4)</sup>	201,000,000	66.66%
Mr. Ma Fulin <sup>(4)</sup>	Non-executive Director	H Shares	Other interests <sup>(4)</sup>	201,000,000	66.66%
Mr. Ma Peilin <sup>(4)</sup>	Supervisor	H Shares	Other interests <sup>(4)</sup>	201,000,000	66.66%
Mr. Chen Zhen <sup>(5)</sup>	Supervisor	H Shares	Interest of spouse <sup>(5)</sup>	201,000,000	66.66%

Notes:

- All interests stated are long position.
- On 2 September 2024, the Company has completed the full conversion of 226,000,000 unlisted Domestic Shares into 226,000,000 H Shares ("**Conversion**"). After the Conversion, the H Shares increased by 226,000,000 Shares to 301,600,000 Shares, while the Domestic Shares decreased by 226,000,000 Shares to 0 Share. The total number of issued shares of the Company remains unchanged, comprising 301,600,000 H Shares.
- This is based on the total issued Shares (H Shares) as at 30 June 2025, being 301,600,000.
- Hong Da Group Limited holds 201,000,000 H Shares, which is in turn wholly-owned by Shuangliang Technology. The non-executive Directors, namely Mr. Miao Wenbin and Mr. Ma Fulin, and the supervisor of the Company, namely Mr. Ma Peilin, together with other five individuals, namely, Mr. Miao Shuangda, Mr. Miao Zhiqiang, Ms. Miao Shuya, Mr. Miao Heida and Mr. Jiang Rongfang (the "**Individual Shareholders**"), are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders are considered as a group of the Controlling Shareholders of the Company as the Individual Shareholders have decided to restrict their abilities to exercise direct control over the Company by holding their equity interests through Hong Da Group Limited and Shuangliang Technology. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 H Shares through Hong Da Group Limited and Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders collectively are deemed to be interested in 66.66% of the equity interest in the Company.
- Mr. Chen Zhen is the spouse of Ms. Miao Shuya, and Mr. Chen Zhen is thus deemed to be interested in the Shares held by Ms. Miao Shuya.



Save as disclosed above, as at 30 June 2025, none of the Directors, supervisors, chief executive of the Company and/or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the Reporting Period.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, according to the register kept by the Company under Section 336 of SFO and so far as was known to the Directors, the following persons (otherwise than in the capacity of the Director, supervisor or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO were as follows:

Name of Director/supervisor/ chief executive	Class of Shares <sup>(2)</sup>	Nature of interest	Number of shares <sup>(1)</sup>	Approximation percentage of holding <sup>(3)</sup>
Hong Da Group Limited <sup>(4)</sup>	H Shares	Beneficial owner	201,000,000	66.66%
Shuangliang Technology <sup>(4)</sup>	H Shares	Interest in a controlled corporation	201,000,000	66.66%
Xingyi Investment Management (Hong Kong) Limited <sup>(5)</sup>	H Shares	Beneficial owner	15,660,000	5.19%
Ms. Zhou Xiaoping <sup>(5)</sup>	H Shares	Interest in a controlled corporation	15,660,000	5.19%
Jiang Gang International Investment Company Limited <sup>(6)</sup>	H Shares	Beneficial owner	14,823,000	4.91%
Jiangyin State-owned Capital Holding Group Financial Investment Company Limited* (江陰國有資本控股集團金融投資有限公司) <sup>(6)</sup>	H Shares	Interest in a controlled corporation	14,823,000	4.91%

## Other information

Name of Director/supervisor/ chief executive	Class of Shares <sup>(2)</sup>	Nature of interest	Number of shares <sup>(1)</sup>	Approximation percentage of holding <sup>(3)</sup>
Jiangyin State-owned Capital Holding (Group) Company Limited* (江陰國有資本控股(集團)有限公司) <sup>(6)</sup>	H Shares	Interest in a controlled corporation	14,823,000	4.91%
Ms. Chen Yang <sup>(7)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Ms. Miao Minhua <sup>(8)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Ms. Li Dongju <sup>(9)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Miao Shuangda <sup>(10)</sup>	H Shares	Other interest	201,000,000	66.66%
Ms. Zhu Duomei <sup>(11)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Miao Zhiqiang <sup>(10)</sup>	H Shares	Other interest	201,000,000	66.66%
Ms. Lu Hongxia <sup>(12)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Ms. Miao Shuya <sup>(10)</sup>	H Shares	Other interest	201,000,000	66.66%
Mr. Miao Heida <sup>(10)</sup>	H Shares	Other interest	201,000,000	66.66%
Ms. Zhu Meifeng <sup>(13)</sup>	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Jiang Rongfang <sup>(10)</sup>	H Shares	Other interest	201,000,000	66.66%
Ms. Chen Rongxiu <sup>(14)</sup>	H Shares	Interest of spouse	201,000,000	66.66%

Notes:

- All interests stated are long position.
- On 2 September 2024, the Company has completed the full conversion of 226,000,000 unlisted Domestic Shares into 226,000,000 H Shares ("**Conversion**"). After the Conversion, the H Shares increased by 226,000,000 Shares to 301,600,000 Shares, while the Domestic Shares decreased by 226,000,000 Shares to 0 Share. The total number of issued shares of the Company remains unchanged, comprising 301,600,000 H Shares.
- This is based on the total issued Shares (H Shares) in issue as at 30 June 2025, being 301,600,000.
- Hong Da Group Limited is wholly-owned by Shuangliang Technology, and Shuangliang Technology is thus deemed to be interested in the H Shares held by Hong Da Group Limited.
- Xingyi Investment Management (Hong Kong) Limited is wholly-owned by Ms. Zhou Xiaoping, and Ms. Zhou Xiaoping is thus deemed to be interested in the H Shares held by Xingyi Investment Management (Hong Kong) Limited.





6. Jiang Gang International Investment Company Limited is wholly-owned by Jiangyin State-owned Capital Holding Group Financial Investment Company Limited (江陰國有資本控股集團金融投資有限公司) which in turn is wholly-owned by Jiangyin State-owned Capital Holding (Group) Company Limited (江陰國有資本控股(集團)有限公司). Jiangyin State-owned Capital Holding Group Financial Investment Company Limited (江陰國有資本控股集團金融投資有限公司) and Jiangyin State-owned Capital Holding (Group) Company Limited (江陰國有資本控股(集團)有限公司) are thus deemed to be interested in the H Shares held by Jiang Gang International Investment Company Limited.
7. Ms. Chen Yang is the spouse of Mr. Miao Wenbin, and Ms. Chen Yang is thus deemed to be interested in the H Shares held by Mr. Miao Wenbin.
8. Ms. Miao Minhua is the spouse of Mr. Ma Fulin, and Ms. Miao Minhua is thus deemed to be interested in the H Shares held by Mr. Ma Fulin.
9. Ms. Li Dongju is the spouse of Mr. Ma Peilin, and Ms. Li Dongju is thus deemed to be interested in the H Shares held by Mr. Ma Peilin.
10. Hong Da Group Limited holds 201,000,000 H Shares, which is in turn wholly-owned by Shuangliang Technology. The Individual Shareholders are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders are considered as a group of the Controlling Shareholders of the Company as the Individual Shareholders have decided to restrict their abilities to exercise direct control over the Company by holding their equity interests through Hong Da Group Limited and Shuangliang Technology. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 H Shares through Hong Da Group Limited and Shuangliang Technology.
11. Ms. Zhu Duomei is the spouse of Mr. Miao Shuangda, and Ms. Zhu Duomei is thus deemed to be interested in the H Shares held by Mr. Miao Shuangda.
12. Ms. Lu Hongxia is the spouse of Mr. Miao Zhiqiang, and Ms. Lu Hongxia is thus deemed to be interested in the H Shares held by Mr. Miao Zhiqiang.
13. Ms. Zhu Meifeng is the spouse of Mr. Miao Heida, and Ms. Zhu Meifeng is thus deemed to be interested in the H Shares held by Mr. Miao Heida.
14. Ms. Chen Rongxiu is the spouse of Mr. Jiang Rongfang, and Ms. Chen Rongxiu is thus deemed to be interested in the H Shares held by Mr. Jiang Rongfang.

Save as disclosed above, as at 30 June 2025, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (otherwise than in the capacity of the Director, supervisor or chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

### INTERIM DIVIDEND

No interim dividend was declared and paid by the Company for the Reporting Period (Corresponding Period: nil).



## Other information

### CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as its own code of corporate governance. Continuous efforts are made to review and enhance its internal controls and procedures in light of changes in regulations and developments in best practices.

During the Reporting Period, in the opinion of Directors, the Company has complied with all the principles and code provisions as set out in the CG Code.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' and supervisors' securities transactions on terms no less exacting than the Model Code.

Having made specific enquiries with all the Directors and supervisors, each of the Directors and supervisors confirmed that he/she has complied with the required standards as set out in the Model Code for the Reporting Period. Meanwhile, the Company was not aware of any events of non-compliance with the Model Code by the relevant employees for the Reporting Period.

### DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in relation to the preparation of financial statements and accounts of the Group and on ensuring that the financial statements of the Group are prepared in accordance with the relevant regulations and applicable accounting standards and that the financial statements of the Company are published in a timely manner.

### CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Li Baoshan, chairman of the Board and an executive Director, ceased to be the chairman and a member of the Nomination Committee with effect from 22 August 2025;
2. Dr. Zhu Qing, an independent non-executive Director and a member of the Nomination Committee, has been appointed as the chairman of the Nomination Committee with effect from 22 August 2025; and
3. Ms. Xu Lijie, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 22 August 2025.

Save as disclosed above and in this interim report, there has been no change in the information of Directors, supervisors and senior management which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The Company has established the Audit Committee with the terms of reference in compliance with relevant laws and regulations of the PRC, Rule 3.21 of the Listing Rules and paragraph D.3.3 of part 2 of the CG Code. The Audit Committee consists of two independent non-executive Directors, namely Mr. Cheung Ho Kong (being the chairman of the Audit Committee), Dr. Zhu Qing and one non-executive Director, namely Mr. Miao Wenbin.

The unaudited interim results of the Group for the Reporting Period have not been reviewed nor audited by the external auditor of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the Reporting Period and concluded that such interim results had been prepared in accordance with applicable accounting standards and relevant requirements, and that adequate disclosure has been made and has no disagreement with the accounting treatment adopted. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

## CHANGE OF USE OF PROCEEDS FROM THE LISTING

The Shares have been listed on the Main Board of the Stock Exchange since 10 July 2023. The Net Proceeds were approximately HK\$187.5 million. The proceeds brought forward as at 1 January 2025 were approximately RMB107.6 million, which accounted for approximately 63.1% of the Net Proceeds. As at 30 June 2025, approximately 54.2% of the Net Proceeds has not been deployed for the proposed allocation as designated and disclosed in the Prospectus in an efficient manner. In this regard, the Board, after considering factors as set out below in the paragraph headed “Reasons for and benefits of the Change in Use of Proceeds”, has resolved to change the use of the unutilised portion of the Net Proceeds originally designated for “Xinmi Project Preparation and Expansion” to “Baotou Project Construction” as illustrated in the table below.

The table below illustrates, among others, (i) the utilised and unutilised amount of the Net Proceeds as at 30 June 2025; and (ii) the Change in Use of Proceeds, in each case, in accordance with paragraph 11(8) of Appendix D2 to the Listing Rules:

Use of proceeds	Original					Revised			
	Percentage of Net Proceeds	Planned allocation of Net Proceeds (HKD million)	Planned allocation of Net Proceeds <sup>(2)</sup> (RMB million)	Utilised amount (as at 30 June 2025) (RMB million)	Unutilised amount (as at 30 June 2025) (RMB million)	Percentage of Net Proceeds subsequent to re-allocation	Planned allocation of Net Proceeds subsequent to re-allocation <sup>(2)</sup> (RMB million)	Unutilised amount subsequent to re-allocation (RMB million)	Expected timeline for utilising the Unutilised Proceeds from the Global Offering <sup>(1)</sup>
Lanzhou Peak-shaving Boiler Construction	50.0%	93.7	85.3	42.3	43.0	50.0%	85.3	43.0	On or before 31 December 2025 <sup>(3)</sup>
Xinmi Project Preparation and Expansion	40.0%	75.0	68.2	18.7	49.5	11.0%	18.7	—	Not applicable (Net Proceeds already fully utilised)
Baotou Project Construction	—	—	—	—	—	29.0%	49.5	49.5	On or before 30 June 2026 <sup>(3)</sup>
The Group's working capital and other general corporate purposes	10.0%	18.8	17.1	17.1	—	10.0%	17.1	—	Not applicable (Net Proceeds already fully utilised)
<b>Total</b>	<b>100.0%</b>	<b>187.5</b>	<b>170.6</b>	<b>78.1</b>	<b>92.5</b>	<b>100.0%</b>	<b>170.6</b>	<b>92.5</b>	

Notes:

- (1) The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the market conditions made by the Group.
- (2) Net proceeds from the Global Offering were received in Hong Kong dollars and translated to Renminbi for application planning.
- (3) The unutilised net proceeds will be used for their respective disclosed purposes and following the expected implementation timetable. The Company will deposit the unutilised net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or the Commercial Banking Law of the PRC (中華人民共和國商業銀行法) and other relevant laws in the PRC).

## Other information

### Reasons for and benefits of the Change in Use of Proceeds

The reallocation of the Net Proceeds was primarily due to Baotou Project. For details, please refer to the voluntary announcement of the Company dated 19 September 2023 regarding the business update in relation to the concession right of Baotou Project and the annual report of the Company dated 25 April 2025.

The Board has resolved to Change in Use of Proceeds after considering the following factors:

#### **(1) Baotou Project is facing a significant payment milestone with substantial costs to be incurred**

As at 1 January 2025, the pipeline network construction work for Baotou Project had completed by approximately 70% and the provision of heat services of steam supply was to commence in or around May 2025 as per its original plan. However, due to the need for land requisition for pipeline construction, the overall completion of Baotou Project has been postponed to around December 2025.

Baotou Project is currently approaching the completion stage for its pipeline network construction work, and is therefore facing a significant payment milestone. In light of the tight payment schedule for the construction work of Baotou Project, the Board is of the view that by adhering to the original implementation plan of the use of Net Proceeds as set out in the Prospectus would not be in the Group's best interest and therefore it would be more appropriate to Change in Use of Proceeds by reallocating the planned Net Proceeds for Xinmi Project Preparation and Expansion to Baotou Project Construction.

The Company expects that the Net Proceeds reallocated to the Baotou Project Construction will be fully utilised by the end of June 2026.

#### **(2) The secondary distribution network of Xinmi Project has been substantially completed and alternative funds are available for Xinmi Project**

After completing the construction of the primary distribution network and heat exchange stations for Xinmi Project, the Group adjusted its construction plan of the secondary distribution network based on the actual situation of heat services in Xinmi. At present, the secondary distribution network has been initially completed and is able to meet the relevant heat service demand. Accordingly, the Group intends to slow down its capital injection into the Xinmi Project Preparation and Expansion. Having considered the tight payment schedule for the Baotou Project, the Group plans to reallocate the unutilised Net Proceeds for the Xinmi Project Preparation and Expansion to the Baotou Project Construction.

As at 30 June 2025, based on the Updated Expenditures Budget, approximately RMB20.7 million in aggregate has been paid for Xinmi Project, of which approximately RMB18.7 million was paid out of the Net Proceeds and approximately RMB2.0 million was funded by the internal resources of the Group. For the remaining RMB18.2 million of the Updated Expenditures Budget to be paid by the Group, the Group plans to gradually finance it by: (i) the unused banking facilities provided by local banks; and (ii) the pipeline connection fee and fees from customers for provision and distribution of heat, as Xinmi Project has commenced heat service operation from the 2023/2024 heat service period in December 2023.

In view of the above, the Board considers the aforesaid Change in Use of Proceeds will enable the Company to deploy its financial resources more effectively and will satisfy the current needs of the Group as the business continues to develop. The Board confirms that there is no material change in the principal business nature of the Group as set out in the Prospectus and considers that the Change in Use of Proceeds is in line with the overall business strategy of the Group and will not have any material adverse impact on its operations and is in the best interests of the Company and its shareholders as a whole.

The Board will continuously assess the plan for the use of the unutilised portion of the Net Proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group.

### MATERIAL LITIGATION

As at 30 June 2025, the Company was not involved in any litigation, arbitration, administrative proceedings of material importance which could have a material adverse effect on its financial condition or results of operations, and, so far as the Company is aware, no litigation, arbitration, administrative proceedings of material importance is pending or threatened against the Company.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	7	759,571	833,999
Cost of sales	8	(520,005)	(600,205)
<b>Gross profit</b>		<b>239,566</b>	233,794
Administrative expenses	8	(72,427)	(70,229)
Reversal of impairment losses on financial assets and contract assets		3,441	19,411
Other income	9	17,568	18,446
Other losses — net	10	(3,888)	(2,247)
<b>Operating profit</b>	11	<b>184,260</b>	199,175
Finance income	11	7,481	10,077
Finance costs		(18,432)	(23,250)
Finance costs — net	11	(10,951)	(13,173)
Share of profit of associates accounted for using the equity method	15	2,606	4,579
<b>Profit before income tax</b>		<b>175,915</b>	190,581
Income tax expenses	12	(27,251)	(35,927)
<b>Profit and total comprehensive income for the period</b>		<b>148,664</b>	154,654
<b>Profit and total comprehensive income attributable to:</b>			
— Owners of the Company		111,741	112,287
— Non-controlling interests		36,922	42,367
		<b>148,664</b>	154,654
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
— Basic and diluted	13	0.37	0.37

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The accompanying notes on pages 29 to 47 form an integral part of this interim financial information.



# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	184,624	189,561
Investment properties	17	368,349	373,179
Right-of-use assets		10,037	23,596
Intangible assets	18	3,549,118	3,600,255
Investments accounted for using the equity method	15	136,838	126,232
Trade receivables	19	80,701	71,576
Prepayments and other receivables		25,313	27,013
Deferred income tax assets		90,113	85,268
		<b>4,445,093</b>	<b>4,496,680</b>
<b>Current assets</b>			
Inventories		36,756	33,038
Trade receivables	19	573,540	575,834
Prepayments and other receivables		123,814	129,259
Financial asset at fair value through profit or loss		—	12,002
Restricted cash	20	31,025	74,175
Cash and cash equivalents	20	309,090	645,680
		<b>1,074,225</b>	<b>1,469,988</b>
<b>Total assets</b>		<b>5,519,318</b>	<b>5,966,668</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	301,600	301,600
Other reserves		391,499	391,499
Retained earnings		543,902	481,623
		<b>1,237,002</b>	<b>1,174,722</b>
<b>Non-controlling interests</b>		<b>291,048</b>	<b>254,126</b>
<b>Total equity</b>		<b>1,528,049</b>	<b>1,428,848</b>



# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	357,317	427,033
Other payables	23	16,961	29,442
Contract liabilities	7(b)	1,919,343	1,980,399
Lease liabilities		2,169	14,739
Deferred income		113,371	111,316
Deferred income tax liabilities		28,573	23,616
Provision	24	41,670	38,113
		<b>2,479,404</b>	<b>2,624,658</b>
<b>Current liabilities</b>			
Borrowings	22	338,550	299,705
Trade and other payables	23	883,524	975,960
Contract liabilities	7(b)	225,837	571,598
Lease liabilities		588	2,808
Current income tax liabilities		63,365	63,091
		<b>1,511,864</b>	<b>1,913,162</b>
<b>Total liabilities</b>		<b>3,991,268</b>	<b>4,537,820</b>
<b>Total equity and liabilities</b>		<b>5,519,318</b>	<b>5,966,668</b>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The accompanying notes on pages 29 to 47 form an integral part of this interim financial information.

The financial statements on pages 24 to 47 were approved and authorized for issue by the Board of Directors and were signed on its behalf.

**Li Baoshan**  
Director

**Luo Wei**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2025

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>	301,600	354,800	399,408	1,055,808	243,197	1,299,005
<b>Comprehensive Income</b>						
Profit for the period	—	—	112,287	112,287	42,367	154,654
<b>Total comprehensive income for the period ended 30 June 2024</b>	—	—	112,287	112,287	42,367	154,654
<b>Transactions with owners in their capacity as owners:</b>						
Capital injection	—	—	—	—	10,000	10,000
Deregistration of a subsidiary	—	—	—	—	(836)	(836)
Dividends	—	—	(45,240)	(45,240)	(71,500)	(116,740)
Total transactions with owners	—	—	(45,240)	(45,240)	(62,336)	(107,576)
<b>Balance at 30 June 2024 (Unaudited)</b>	301,600	354,800	466,455	1,122,855	223,228	1,346,083

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2025</b>	301,600	391,499	481,623	1,174,722	254,126	1,428,848
<b>Comprehensive Income</b>						
Profit for the period	—	—	111,741	111,741	36,922	148,663
<b>Total comprehensive income for the period ended 30 June 2025</b>	—	—	111,741	111,741	36,922	148,663
<b>Transactions with owners in their capacity as owners:</b>						
Capital injection	—	—	—	—	—	—
Deregistration of a subsidiary	—	—	—	—	—	—
Dividends	—	—	(49,462)	(49,462)	—	(49,462)
Total transactions with owners	—	—	(49,462)	(49,462)	—	(49,462)
<b>Balance at 30 June 2025 (Unaudited)</b>	301,600	391,499	543,902	1,237,001	291,048	1,528,049

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

		Six months ended 30 June	
	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		(99,064)	(113,023)
Income tax paid		(39,732)	(41,749)
<b>Net cash (used in)/generated from operating activities</b>		<b>(138,796)</b>	<b>(154,772)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(3,557)	(1,876)
Disposal of property, plant and equipment		36	33
Purchases of intangible assets		(87,021)	(167,551)
Proceeds from financing arrangements with a third party (including repayments of principal and interest)		—	31,213
Interest received on bank deposits		2,891	3,972
Investment in joint ventures		(8,000)	—
<b>Net cash used in investing activities</b>		<b>(95,651)</b>	<b>(134,209)</b>
<b>Cash flows from financing activities</b>			
Capital injection from non-controlling shareholders of a subsidiary		—	10,000
Deregistration of a subsidiary		—	(925)
Proceeds from borrowings		198,046	232,563
Repayment of borrowings		(229,135)	(223,785)
Payments for lease liabilities		(226)	(304)
Installment payment for acquisition of intangible assets		(20,218)	(18,633)
Dividends paid to the owners of the Company		(49,462)	(45,240)
Dividends paid to non-controlling shareholders of subsidiaries		—	(10,000)
Interest paid on lease liabilities		(78)	(580)
Interest paid on installment payable for acquisition of intangible assets		(1,907)	(2,866)
Interest paid on borrowings		(15,241)	(18,407)
Proceeds from sale-and-leaseback arrangements		18,000	—
Repayment of principal of sale-and-leaseback liabilities		(722)	—
Payment of security deposit for sale-and-leaseback		(1,200)	—
<b>Net cash used in financing activities</b>		<b>(102,142)</b>	<b>(78,177)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(336,590)</b>	<b>(367,158)</b>
Cash and cash equivalents at the beginning of the period		645,680	713,175
<b>Cash and cash equivalents at the end of the period</b>	20	<b>309,090</b>	<b>346,017</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Interim Financial Information

## 1 GENERAL INFORMATION

Wise Living Technology Co., Ltd (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 3 September 2010. The address of its registered office is Room 202, 2/F, No.15 of Shuangliang Road, Ligang Street, Jiangyin City, Jiangsu Province, the PRC.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the heat supply (including provision and distribution of heat and pipeline connection services), engineering construction services, design services and energy management services in the PRC. The Company’s H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”) on 10 July 2023.

The Company is controlled by Hong Da Group Limited, a wholly-owned subsidiary of Jiangsu Shuangliang Technology Company Limited (江蘇雙良科技有限公司) (“**Shuangliang Technology**”) which are held by Mr. Miao Shuangda (繆雙大), Mr. Miao Wenbin (繆文彬), Mr. Jiang Rongfang (江榮方), Mr. Ma Peilin (馬培林), Mr. Ma Fulin (馬福林), Mr. Miao Zhiqiang (繆志強), Mr. Miao Heida (繆黑大) and Ms. Miao Shuya (繆舒涯), the individual shareholders of the holding companies.

This interim financial information for the six months ended 30 June 2025 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated, and was approved by the Board of directors of the Company (the “**Board**”) for issue on 22 August 2025.

This Interim Financial Information has not been audited.

## 2 BASIS OF PRESENTATION

This Interim Financial Information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The Interim Financial Information does not include all the notes normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with the IFRS Accounting Standards, and any public announcements made by the Company during the six months ended 30 June 2025.

As at 30 June 2025, the Group had net current liabilities of RMB437,639,000. The net current liabilities included contract liabilities amounted to RMB225,837,000 which represented the advance receipts from customers in relation to heat supply and pipeline connection fees. Such contract liabilities will normally be recognised as revenue in subsequent reporting periods and will not involve cash outflow in the future. Meanwhile, the Group’s total borrowings as at 30 June 2025 amounted to RMB695,867,000 of which RMB338,550,000 are classified as current liabilities, while its cash and cash equivalents amounted to RMB309,090,000 as at the same date.

# Notes to the Interim Financial Information

## 2 BASIS OF PRESENTATION *(Continued)*

Management closely monitors the Group's financial performance and liquidity position. The Group is able to plan its capital expenditures activities in a conservative manner to avoid an excessively high liquidity risk exposure. In addition, management proactively managed the financing structure of the Group and was able to renew the short-term borrowings and raise new borrowings during the six months ended 30 June 2025 as necessary.

As at 30 June 2025, the Group had unused banking facilities amounting to RMB502 million, of which RMB50 million is available to the Group up to November 2025, RMB10 million is available to the Group up to December 2025, RMB50 million is available to the Group up to March 2026, RMB251 million is available to the Group up to June 2026 and the remaining RMB141 million is available to the Group up to December 2030.

The Directors are of the opinion that, taking into account the Group's financial performance, the capital expenditures plans and the continuous availability of existing banking facilities, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in at least the coming twelve months from 30 June 2025. Accordingly, the Interim Financial Information has been prepared on a going concern basis.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the annual financial statements for the year ended 31 December 2024, except for the adoption of new amendments to standards as set out below.

### (a) New amendments to standards adopted by the Group

The following amended standards are mandatory for the first time for the financial year beginning or after 1 January 2024:

		Effective for accounting periods beginning on or after
IFRS 16 (Amendments)	Leases liability in a sale and leaseback	1 January 2024
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024

The adoption of these amended standards did not result in any significant impact on the results and financial position of the Group.



# Notes to the Interim Financial Information

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (b) New standards and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 19	Subsidiaries without public accountability	1 January 2027
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the above new standards and amendments to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new standards and amendments to the existing standards.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2024.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2024.



# Notes to the Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. The Group expects to fund the future cash flow needs through internally generated cash flows from operations and available banking facilities.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date to the earliest date the lenders can demand for repayment. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 30 June 2025 (Unaudited)</b>					
Lease liabilities	728	503	1,038	1,120	3,389
Borrowings	406,497	114,171	189,390	47,110	757,168
Trade and other payables (excluding non-financial liabilities)	913,416	26,740	25,985	—	966,141
<b>Total</b>	<b>1,320,641</b>	<b>141,414</b>	<b>216,413</b>	<b>48,230</b>	<b>1,726,698</b>



# Notes to the Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Liquidity risk (Continued)

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2024 (Audited)</b>					
Lease liabilities	3,799	3,616	9,911	3,635	20,941
Borrowings	328,198	144,390	272,944	65,111	810,643
Trade and other payables excluding non-financial liabilities	913,416	26,740	25,985	—	966,141
<b>Total</b>	<b>1,245,393</b>	<b>174,746</b>	<b>308,840</b>	<b>68,746</b>	<b>1,797,725</b>

### 5.3 Fair value estimation

There were no financial assets classified as level 3 instruments for the six months ended 30 June 2025 and 2024.

## 6 SEASONAL OR CYCLICAL OPERATIONS

The heat service period of the Company usually begins from October of each year to April of the following year. Revenues and operating profits are more evenly spread in the first and fourth quarters of the financial year. For the year ended 31 December 2024, 45% of provision and distribution of heat revenues accumulated in the first half of the year was related to the heat service period of 2023–2024, with the remaining 55% accumulated in the second half of the year was related to the heat service period of 2024–2025.

# Notes to the Interim Financial Information

## 7 REVENUE AND SEGMENT INFORMATION

### (a) Revenue from contract with customers

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contract with customers:		
— Provision and distribution of heat	665,502	643,893
— Consideration from customers	573,114	551,403
— Price subsidies from local government	92,388	92,490
— Engineering construction services	23,321	122,202
— Pipeline connection fees	57,666	52,591
— Heat transmission services	1,589	2,128
— Sale of goods	694	1,986
— Energy management services	1,488	1,488
— Designing services	4,892	2,974
— Others	4,419	6,737
	759,571	833,999
Timing of revenue recognition:		
— At a point in time	8,663	8,891
— Over time	750,908	825,108
	759,571	833,999

Management has determined the operating segment based on the reports reviewed by the chief operating decision-maker (the “**CODM**”), which has been identified as the executive directors of the Company.

The Group is principally engaged in the heat supply and related services in the PRC. The CODM reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment and review the interim condensed consolidated financial information accordingly.

The major operating entities of the Group are domiciled in the PRC. All of the Group’s revenue are derived in the PRC.

All of the non-current assets were located in the PRC or arisen from transactions as conducted in the PRC for the six months ended 30 June 2025 and 2024.

### (b) Contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from provision and distribution of heat and pipeline connection fees.

# Notes to the Interim Financial Information

## 8 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Costs for purchases of heat	230,049	225,422
Construction costs	23,005	110,209
Amortisation of intangible assets (Note 18)	112,144	108,147
Materials consumed	63,594	65,472
Utility costs	54,375	56,810
Employee benefit expenses	46,560	45,843
Depreciation of property, plant and equipment (Note 16)	14,934	9,209
Maintenance expenses	5,197	5,932
Entertainment expenses	5,742	5,622
Travelling expenses	3,646	4,485
Other taxes and surcharges	3,090	3,688
Consulting and professional service fees	4,011	2,006
Depreciation of right-of-use assets	349	1,560
Cost of goods sold	305	997
Short-term lease expenses	950	775
Auditors' remuneration	684	566
Listing expenses	—	—
Others	23,799	23,691
Total	592,432	670,434

## 9 OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Government grants (Note (a))	9,953	10,496
Rental income	7,615	7,950
	17,568	18,446

- (a) The government grants received are mainly relating to the Group's heat service operations, for the purpose of subsidising the Group's purchases or constructions of heat service facilities or subsidising for the Group's losses on certain heat service projects. These government grants are non-recurring in nature and are determined by the local government on an incidental basis. There are no unfulfilled conditions or other contingencies attaching to these government grants.

# Notes to the Interim Financial Information

## 10 OTHER LOSSES – NET

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fair value losses of investment properties (Note 17)	(4,830)	(5,325)
Gain on extinguishment of account receivables	—	2,043
Foreign exchange (loss)/gain	(363)	1,097
Losses on deregistration of a subsidiary	—	(181)
(Losses)/gains on disposal of property, plant and equipment, net	(9)	2
Others	1,315	117
	<b>(3,888)</b>	<b>(2,247)</b>

## 11 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Finance income:</b>		
Interest income from bank deposits	2,812	3,972
Interest income from financing arrangements	—	1,070
Interest income from finance lease to a related party	521	541
Interest income from lease receivables	4,148	4,494
	<b>7,481</b>	<b>10,077</b>
<b>Finance costs:</b>		
Interest expenses on borrowings	(15,405)	(18,454)
Interest expenses on lease liabilities	(78)	(580)
Interest expenses on installment payable for acquisition of intangible assets	(1,907)	(2,866)
Interest expenses on loans from government	—	(464)
Unwinding of provision	(943)	(886)
Interest expenses on sale-leaseback	(100)	—
	<b>(18,432)</b>	<b>(23,250)</b>
<b>Finance costs – net</b>	<b>(10,951)</b>	<b>(13,173)</b>



# Notes to the Interim Financial Information

## 12 INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	32,343	39,257
Deferred income tax	(5,092)	(3,330)
	<b>27,251</b>	<b>35,927</b>

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2025 is 15% (six months ended 30 June 2024: 19%).

## 13 EARNINGS PER SHARE

### (a) Basic

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (RMB'000)	111,741	112,287
Weighted average number of ordinary shares in issue (thousands)	301,600	301,600
	<b>0.37</b>	<b>0.37</b>

### (b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 30 June 2025 and 2024.

## 14 DIVIDENDS

No interim dividend was declared and paid by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).



# Notes to the Interim Financial Information

## 15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The carrying amount of equity-accounted investments has changed as follows during the six months ended 30 June 2025:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Opening balance</b>	<b>126,232</b>	110,132
Additions	8,000	—
Share of net profit	2,606	4,579
Share of other comprehensive loss	—	—
<b>Closing balance</b>	<b>136,838</b>	114,711

## 16 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>At 31 December 2024</b>						
Cost	155,438	86,690	29,237	20,204	3,130	294,699
Accumulated depreciation	(36,135)	(26,782)	(23,938)	(15,882)	(2,401)	(105,138)
<b>Net book amount</b>	<b>119,303</b>	<b>59,908</b>	<b>5,299</b>	<b>4,322</b>	<b>729</b>	<b>189,561</b>
<b>Six months ended 30 June 2025 (Unaudited)</b>						
Opening net book amount at 1 January 2025	119,303	59,908	5,299	4,322	729	189,561
Additions	2,556	1,772	2,832	658	3,992	11,809
Disposals	—	(731)	(75)	(101)	—	(907)
Depreciation	(3,534)	(9,333)	(999)	(896)	(1,077)	(15,839)
<b>Closing net book amount at 30 June 2025</b>	<b>118,325</b>	<b>51,615</b>	<b>7,058</b>	<b>3,983</b>	<b>3,644</b>	<b>184,624</b>
<b>At 30 June 2025</b>						
Cost	157,994	87,731	31,994	20,761	7,122	305,602
Accumulated depreciation	(39,669)	(36,115)	(24,937)	(16,778)	(3,478)	(120,977)
<b>Net book amount</b>	<b>118,325</b>	<b>51,615</b>	<b>7,058</b>	<b>3,983</b>	<b>3,644</b>	<b>184,624</b>

As at 30 June 2025 and 31 December 2024, the carrying amount of the buildings of which the property ownership certificates had not been obtained or property ownership transfer procedures had not been completed were RMB24,273,000 and RMB24,814,000, respectively.

The Directors are of the view that the Group is entitled to the lawful and valid occupancy and uses of these buildings and the related ownership certificates will be obtained in due course. The Directors are also of the opinion that the uses of these buildings without the ownership certificates for the Group's business operations for the time being will not expose the Group to any significant penalties or unfavorable consequences.



# Notes to the Interim Financial Information

## 17 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Opening balance</b>	<b>373,179</b>	344,197
Addition	—	41,274
Net losses from fair value adjustment	<b>(4,830)</b>	(5,325)
<b>Closing balance</b>	<b>368,349</b>	380,146

### Amounts recognised in profit or loss for investment properties

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Rental income from operating leases	<b>7,615</b>	7,950
Fair value losses	<b>(4,830)</b>	(5,325)

# Notes to the Interim Financial Information

## 18 INTANGIBLE ASSETS

	Goodwill RMB'000	Operating concessions RMB'000	Software RMB'000	Total RMB'000
<b>At 31 December 2024</b>				
Cost	9,047	5,428,722	20,976	5,458,745
Accumulated amortisation	—	(1,728,006)	(9,973)	(1,737,979)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,580,205	11,003	3,600,255
<b>Six months ended 30 June 2025 (Unaudited)</b>				
Opening net book amount	9,047	3,580,205	11,003	3,600,255
Additions	—	60,462	—	60,462
Amortisation	—	(111,558)	(41)	(111,599)
Closing net book amount	9,047	3,529,109	10,962	3,549,118
<b>At 30 June 2025</b>				
Cost	9,047	5,489,184	20,976	5,519,207
Accumulated amortisation	—	(1,839,564)	(10,014)	(1,849,578)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,529,109	10,962	3,549,118

**(a) Impairment tests for goodwill related to Taiyuan City Renewable Energy Heat Supply Company Limited (“Taiyuan Renewable Energy”), a subsidiary of the Company**

During the six months ended 30 June 2025, there were no indicators for impairment of the goodwill resulting from a business combination of Taiyuan Renewable Energy, whose principal activity is to provide head supply and related services to an area in Taiyuan City under a concession arrangement with Taiyuan local government. Taiyuan Renewable Energy's business is considered as a separate cash generating unit (“CGU”). During the period, no significant change in the key assumptions used on impairment calculation as at 31 December 2024 was considered necessary having considered both internal and external factors. Accordingly, management concluded that no impairment provision was required to be made as at 30 June 2025. For details of the key assumptions used, see note 17(a) of the annual financial statements for the year ended 31 December 2024.

**(b) Impairment tests for intangible assets related to Shuozhou City Renewable Energy Thermal Company Limited (“Shuozhou Renewable Energy”), a subsidiary of the Company.**

As at 30 June 2025, management updated the assessment of the impairment test of intangible assets of Shuozhou Renewable Energy whose principal activity is to provide heat supply and related services to an area in Shuozhou City under a concession arrangement with Shuozhou local government. Shuozhou Renewable Energy's business is considered as a separate CGU. Based on the result of the impairment test, management consider that no further impairment charge for the six months ended 30 June 2025 was required. As at 30 June 2025, the recoverable amount of the CGU related to Shuozhou Renewable Energy approximated its carrying amount. Management consider that any reasonably possible changes in the key assumptions may result in further impairment charge to be recognised.



# Notes to the Interim Financial Information

## 18 INTANGIBLE ASSETS (Continued)

- (c) Amortisation charge was expensed in the interim condensed consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of sales	111,584	108,044
Administrative expenses	560	103
	<b>111,599</b>	<b>108,147</b>

- (d) As at 30 June 2025 and 31 December 2024, intangible assets with carrying amount of approximately RMB732,049,000 and RMB733,349,000, respectively, were pledged as collateral for the bank borrowings of the Group.

## 19 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>Included in current assets</b>		
Trade receivables (Note (a))		
— Related parties (Note 26(b))	2,409	2,712
— Third parties	637,909	623,927
	<b>610,318</b>	<b>626,639</b>
Notes receivables	—	—
Lease receivables	18,904	18,904
Less: allowance for impairment of trade receivables and lease receivables	(88,564)	(69,709)
	<b>570,658</b>	<b>575,834</b>
<b>Included in non-current assets</b>		
Lease receivables	80,701	93,576
Less: allowance for impairment of lease receivables	—	(22,000)
	<b>80,701</b>	<b>71,576</b>
	<b>651,359</b>	<b>647,410</b>

# Notes to the Interim Financial Information

## 19 TRADE RECEIVABLES (Continued)

- (a) The Group normally provides no credit period to its customers. The following is an aging analysis of trade receivables (excluding notes receivables and lease receivables) from the date of sales:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	403,268	389,079
1 to 2 years	172,483	176,229
2 to 3 years	28,001	37,291
Over 3 years	36,566	24,040
	<b>640,317</b>	<b>626,639</b>

- (b) The Group's trade receivables were denominated in RMB.
- (c) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9 to assess the impairment of trade receivables and lease receivables.
- (d) As at 30 June 2025 and 31 December 2024, trade receivables with carrying amount of approximately RMB137,900,000 and RMB127,454,000 respectively, were pledged as collaterals for the bank borrowings of the Group.

## 20 CASH AND CASH EQUIVALENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Cash at banks	340,105	719,796
Cash on hand	10	59
	<b>340,115</b>	<b>719,855</b>
Less: restricted cash (Note (a))	<b>(31,025)</b>	<b>(74,175)</b>
Cash and cash equivalents	<b>309,090</b>	<b>645,680</b>

- (a) The Group's restricted cash were deposits placed with the banks for the issuance of bank acceptance notes and special funds provided by the government. As at 30 June 2025, restricted cash for the issuance of bank's acceptance notes amounted to approximately RMB21,025,000 (31 December 2024: RMB64,175,000). As at 30 June 2025, restricted cash provided by one customer as deposit for the storage service of the leased heating pipelines amounted to RMB10,000,000 (31 December 2024: RMB10,000,000).



# Notes to the Interim Financial Information

## 20 CASH AND CASH EQUIVALENTS (Continued)

(b) The Group's restricted cash were denominated in RMB, while cash and cash equivalents are denominated as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
HK\$	6,303	67,292
US\$	18,578	—
RMB	284,208	578,388
Cash and cash equivalents	309,089	645,680

## 21 SHARE CAPITAL

The Company	Number of ordinary shares	Total RMB'000
As at 30 June 2025 and 31 December 2024	301,600,000	301,600



# Notes to the Interim Financial Information

## 22 BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>Included in non-current liabilities:</b>		
Bank borrowings		
— secured and guaranteed (Note (a))	417,545	535,587
— unsecured	—	—
	<b>417,545</b>	535,587
Less: current portion of non-current liabilities	<b>(60,228)</b>	(108,554)
	<b>357,317</b>	427,033
<b>Included in current liabilities:</b>		
Bank borrowings		
— secured and guaranteed (Note (a))	136,322	99,651
— unsecured and guaranteed (Note (b))	142,000	34,000
— unsecured	—	57,500
Current portion of non-current liabilities	<b>60,228</b>	108,554
	<b>338,550</b>	299,705
<b>Total</b>	<b>695,867</b>	726,738

- (a) As at 30 June 2025, the bank borrowings of Hulunbuir Shuangliang Energy System Company Limited (“**Hulunbuir Shuangliang**”) (a subsidiary of the Company) amounting to RMB170,322,000 (31 December 2024: RMB149,151,000) were guaranteed by the Company and secured by certain trade receivables (Note 19(d)). Secondly, the bank borrowings of Lanzhou New Area Shuangliang Thermal Power Company Limited (“**Lanzhou Shuangliang**”) (a subsidiary of the Company) amounting to RMB101,625,000 (31 December 2024: RMB102,375,000) was guaranteed by the Company and Gansu Shuangliang Energy System Investment Company Limited (“**Gansu Shuangliang**”) (a subsidiary of the Company) and secured by certain intangible assets (Note 18(d)). Thirdly, the bank borrowings of Lanzhou Shuangliang amounting to RMB138,995,000 (31 December 2024: RMB198,778,000) were guaranteed by the Company and secured by certain trade receivables (Note 19(d)). Meanwhile, the bank borrowings of Shuozhou Renewable Energy amounting to RMB162,500,000 (31 December 2024: RMB175,000,000) were guaranteed by Taiyuan Renewable Energy, the Company, and secured by price subsidy receivables (Note 19(d)) and certain intangible assets (Note 18(d)). Furthermore, the bank borrowings of Wise Living Tech-Thermal Power (Zhengzhou) Limited (a subsidiary of the Company) amounting to RMB10,424,000 (31 December 2024: RMB9,934,000) were guaranteed by the Company and secured by certain trade receivables (Note 19(d)).
- (b) As at 30 June 2025, bank borrowings of certain subsidiaries amounting to RMB112,000,000 (31 December 2024: bank borrowings amounting to RMB34,000,000) were guaranteed by the Company.
- (c) The weighted average effective interest rate of borrowings was 4.23% per annum as at 30 June 2025 (31 December 2024: 4.43% per annum).
- (d) The Group’s borrowings were all denominated in RMB.



# Notes to the Interim Financial Information

## 23 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>Included in current liabilities</b>		
Trade payables		
— Related parties	2,498	1,551
— Third parties (Note (a))	483,609	480,665
	<b>486,107</b>	<b>482,216</b>
Notes payables	41,033	64,368
Amounts due to and advance from related parties	7,326	9,610
Payables for acquisition of intangible assets	186,829	196,291
Payables for acquisition of property, plant and equipment	663	4,850
Employee benefits payables	15,326	33,288
Other taxes payables	20,957	32,088
Interest payables	915	904
Employee reimbursement payables	137	355
Dividends payables to non-controlling interests	46,280	46,280
Loans from government	22,982	22,981
Refundable pipeline connection fee	2,222	1,709
Installment payable for acquisition of intangible assets	37,356	38,318
Others	15,391	42,702
	<b>883,524</b>	<b>975,960</b>
<b>Included in non-current liabilities</b>		
Other payables		
— A third party (installment payable for acquisition of intangible assets)	16,961	29,442
	<b>900,485</b>	<b>1,005,402</b>

(a) The following is an aging analysis of trade payables presented based on the goods/services receipt dates:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	318,173	376,207
1 to 2 years	78,143	44,523
2 to 3 years	28,512	21,560
Over 3 years	61,280	39,926
	<b>486,107</b>	<b>482,216</b>

The Group's trade and other payables were denominated in RMB.

# Notes to the Interim Financial Information

## 24 PROVISION

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Provision for maintenance of service concession facilities	41,670	38,113

Pursuant to the service concession agreements entered into by the Group, the Group has the contractual obligations to maintain the facilities it operates to specified level of service quality and/or to restore the plants to specified conditions before the facilities are handed over to the grantors at the end of the service concession periods. These contractual obligations to maintain or restore the facilities, except for any upgrade elements, are recognised and measured at the best estimate of the expenditures that would be required to settle the present obligations at each of the reporting dates.

## 25 COMMITMENTS

### (a) Commitments relating to short-term leases

The future aggregate minimum lease payments under non-cancellable short-term leases contracted for but not recognised as liabilities are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
No later than 1 year	401	74

### (b) Capital commitments

The Group's capital expenditures contracted for but not yet incurred is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Intangible assets	32,346	29,192



# Notes to the Interim Financial Information

## 26 RELATED PARTY TRANSACTIONS

### (a) Transaction with related parties

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>i) Entity controlled or significantly influenced by certain shareholders</b>		
Purchases of plant and equipment and services	1,172	3,516
Leasing arrangements	6	9
<b>ii) Associate</b>		
Sales of goods or services	3,256	3,706
Purchases of plant and equipment and services	—	1,007
Leasing arrangements	942	1,022

### (b) Balances with related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>i) Entity controlled or significantly influenced by certain shareholders</b>		
Trade and other payables	7,330	8,247
Prepayments and other receivables	2,776	—
<b>ii) Associate</b>		
Trade receivables	2,409	2,712
Lease receivables	20,870	20,423
Trade and other payables	2,494	2,914

## 27 CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2025 and 31 December 2024.

## 28 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Interim Financial Information, the Group did not have any significant subsequent events after 30 June 2025 and up to the date of issuance of this Interim Financial Information which may result in adjustment or additional disclosure herein.

## Definitions

In this interim report, unless the context otherwise requires, the below expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Board
“Baotou Project”	Baotou Tuyou New Industrial Park Chemical Concentration Zone of Inner Mongolia Autonomous Region Heat Services of Steam Supply Project* (內蒙古包頭土右新型工業園區化工集中區供熱(氣)項目), a project established pursuant to the concession agreement dated 19 September 2023 entered into between Wise Living Energy (Baotou) and the Management Committee of Baotou Tuyou New Industrial Park of Inner Mongolia Autonomous Region* (內蒙古包頭土右新型工業園區管理委員會)
“Baotou Project Construction”	the construction work of Baotou Project
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“Change in Use of Proceeds”	the proposed change in the allocation of the unutilised portion of the Net Proceeds originally designated, as set out in this interim report
“China” or “PRC”	The People’s Republic of China, excluding for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	Wise Living Technology Co., Ltd (慧居科技股份有限公司) (stock code: 2481), a company with limited liability established in the PRC on 3 September 2010 and converted into a joint stock company with limited liability on 29 September 2015
“Conversion”	the conversion of up to an aggregate of 226,000,000 Domestic Shares into H Shares and their listing thereof on the Stock Exchange
“Corresponding Period”	the six-month period from 1 January 2024 to 30 June 2024
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	Share(s) issued by the Company in the PRC, which is/are subscribed for in RMB
“EMC”	energy-conservation service contract
“Global Offering”	the Hong Kong public offering and the international offering
“Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“H Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange
“Hong Kong” or “HK”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong



“Lanzhou Shuangliang”	Lanzhou New Area Shuangliang Thermal Power Company Limited* (蘭州新區雙良熱力有限公司), a company with limited liability established in the PRC on 31 July 2013, an indirect non wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel to the GEM operated by the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“Net Proceeds”	the net proceeds from the Global Offering after deducting the underwriting fees and commissions and related expenses
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company dated 28 June 2023
“Reporting Period”	the six-month period from 1 January 2025 to 30 June 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of RMB1.00, comprising of 301,600,000 H Shares
“Shareholder(s)”	holder(s) of the Shares
“Shuangliang Technology”	Jiangsu Shuangliang Technology Company Limited* (江蘇雙良科技有限公司), a company with limited liability established in the PRC on 18 December 1997, one of the controlling shareholders of the Company
“Shuozhou Renewable Energy”	Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司), a company with limited liability established in the PRC on 23 May 2011, an indirect non wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Updated Expenditures Budget”	the reduced budgeted expenditures for Xinmi Project in August 2025
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States



## Definitions

“Wise Living Energy (Baotou)”	Wise Living Energy (Baotou) Company Limited* (慧居能源(包頭)有限公司), a company with limited liability established in the PRC on 26 November 2020, an indirect wholly-owned subsidiary of the Company
“Xinmi Project”	Xinmi City Centralised Heat Services Project (新密市集中供熱項目)
“%”	percent

*The English names of the PRC established companies or entities and the PRC laws and regulations mentioned herein are translation from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.*

*\* For identification purposes only*





**慧居科技**

**慧居科技股份有限公司**

**Wise Living Technology Co., Ltd**