



慧居科技

股份代號 Stock code : 2481

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)

2024 INTERIM REPORT 中期報告





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Corporate Information

EXECUTIVE DIRECTORS

Mr. Geng Ming (*Chairman*)
Mr. Li Baoshan
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

Mr. Geng Ming (*Chairman*)
Dr. Tse Hiu Tung, Sheldon
Dr. Zhu Qing

JOINT COMPANY SECRETARIES

Mr. Ma Ke
Mr. Tso Ping Cheong, Brian *FCPA, FCCA, FCG, HKFCG*

AUTHORISED REPRESENTATIVES

Mr. Geng Ming
Mr. Luo Wei

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

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Jiangyin City
Jiangsu Province
The PRC

STOCK CODE

2481

COMPANY WEBSITE ADDRESS

<http://www.hjkj.cn>

Financial Performance Highlights

	Six months ended 30 June		
	2024	2023	Change
	(RMB'000)	(RMB'000)	(Approx.)
	(Unaudited)	(Unaudited)	
Interim condensed consolidated statement of comprehensive income			
Revenue	833,999	710,818	+17.3%
Profit and total comprehensive income attributable to owners of the Company	112,287	79,272	+41.6%
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	0.37	0.35	+5.7%
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	30 June	31 December	
	2024	2023	Change
	(RMB'000)	(RMB'000)	(Approx.)
	(Unaudited)	(Audited)	
Interim condensed consolidated statement of financial position			
Total assets	5,564,250	5,796,958	-4.0%
Equity attributable to owners of the Company	1,122,855	1,055,808	+6.4%
Total liabilities	4,218,167	4,497,953	-6.2%
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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 11.2 billion sq.m. in 2022. It is expected that the total heat services area in the PRC will increase to 14.5 billion sq.m. in 2027. In line with the implementation of carbon peaking and carbon neutrality objectives, the PRC government encourages municipal governments to develop different ways of clean heating and accelerate the replacement of traditional coal-fired boilers with clean 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.

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 the second largest non-State-owned cross-provincial heat service provider in the PRC in terms of actual heat services area in 2023. 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 RMB834.0 million, representing a growth of 17.3% as compared with approximately RMB710.8 million for the Corresponding Period. The profit attributable to owners of the Company during the Reporting Period was approximately RMB112.3 million, representing a growth of 41.6% as compared with approximately RMB79.3 million for the Corresponding Period.

Business Model

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

Management Discussion and Analysis

(1) Heat Services

As at 30 June 2024, we had seven heat service projects under concession rights and our revenue from heat services for the Reporting Period mainly derived from those seven heat service projects, 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, its completion date has been postponed from in or around May 2024 to in or around November 2024 as it took considerable time for the local government to reach a consensus with the local villagers on the compensation for land requisition for pipeline construction. Our total actual heat service area was approximately 48.5 million sq.m. as at 30 June 2024, representing an increase of 15.8% from approximately 41.9 million sq.m. as at 30 June 2023. For the Reporting Period, revenue generated from our heat services was approximately RMB696.5 million (Corresponding Period: RMB645.5 million), including (a) fees from customers for provision and distribution of heat of approximately RMB551.4 million (Corresponding Period: RMB503.9 million), (b) price subsidies from local government of approximately RMB92.5 million (Corresponding Period: RMB93.3 million), and (c) pipeline connection fees of approximately RMB52.6 million (Corresponding Period: RMB48.3 million). The increase in the revenue generated from heat services for the Reporting Period was mainly attributable to (a) the increase in the actual heat service area of the Group, and (b) the increase in the fees from customers for provision and distribution of heat from Hulunbuir Project.

A. Heat Service Customers

During the Reporting Period, our heat service customers included both residential and non-residential heat service customers. As at 30 June 2024, we had approximately 385,841 heat service customers (30 June 2023: 300,000). 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			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Residential	331,490	60.1	302,213	60.0
Non-residential	219,913	39.9	201,718	40.0
Total	551,403	100.0	503,931	100.0

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 access to different and diversified heat sources can ensure the provision of stable and reliable heat services 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 2024, we operated and owned most of our primary distribution pipelines with an aggregate length of approximately 698.9 kilometers (30 June 2023: 546.9 kilometers).



(2) Heat-related Engineering Construction Services

During the Reporting Period, revenue generated from our engineering construction services was approximately RMB122.2 million, representing an increase of 182.9% from approximately RMB43.2 million for the Corresponding Period, which was mainly due to the increase in engineering construction activities to facilitate our provision of heat services under Shuozhou Project and Baotou Project. 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			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Engineering construction services for our concession operations	108,799	89.0	36,905	85.5
Engineering construction services provided to customers	13,403	11.0	6,247	14.5
Total	122,202	100.0	43,152	100.0

(3) Heat-related EMC Services

During the Reporting Period, we provided energy-conservation services 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, which maintained at the same level as that of the Corresponding Period and 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) the provision of heat transmission services to a number of customers; (b) provision of designing services, which mainly consisted of indoor heat operation designing and consulting services, to some government authorities and commercial operators; 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 approximately RMB13.8 million, representing a decrease of 33.0% from approximately RMB20.6 million for the Corresponding Period. This was mainly due to the decrease in the sale of heat service facilities.

(5) Honors and Awards

In January 2024, the Company was awarded the “Outstanding Case of ESG Practice of Enterprises in New Energy Industry in 2023” (2023年度新能源企業ESG實踐優秀案例獎). In March 2024, Shuozhou Renewable Energy was honoured with “Social Responsibility Award” (社會責任擔當獎). In April 2024, Shuozhou Renewable Energy was awarded the “Outstanding Enterprise” (優秀企業獎).

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 2024 and the six months ended 30 June 2023, respectively.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	833,999	710,818
Cost of sales	(600,205)	(516,214)
Gross profit	233,794	194,604
Administrative expenses	(70,229)	(70,063)
Reversal of impairment losses on financial assets and contract assets	19,411	21,140
Other income	18,446	17,131
Other losses — net	(2,247)	(1,690)
Operating profit	199,175	161,122
Finance income	10,077	9,686
Finance costs	(23,250)	(25,310)
Finance costs — net	(13,173)	(15,624)
Share of profit of associates accounted for using the equity method	4,579	2,935
Profit before income tax	190,581	148,433
Income tax expenses	(35,927)	(35,096)
Profit and total comprehensive income for the period	154,654	113,337

Management Discussion and Analysis



Revenue

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Heat services		
– Fees from customers for provision and distribution of heat	551,403	503,931
– Price subsidies from local government	92,490	93,291
– Pipeline connection fees	52,591	48,250
	<hr/>	<hr/>
Sub-total	696,484	645,472
	<hr/>	<hr/>
Engineering construction services	122,202	43,152
EMC services	1,488	1,488
Heat transmission services	2,128	2,259
Sales of goods	1,986	10,924
Designing services	2,974	2,568
Others	6,737	4,955
	<hr/>	<hr/>
Total	833,999	710,818
	<hr/>	<hr/>

During the Reporting Period, our revenue was mainly generated from (a) fees from customers for provision and distribution of heat, (b) engineering construction services, and (c) price subsidies from local government, the majority of which were attributable to (a) and (b). For the Reporting Period, our revenue increased by 17.3% from approximately RMB710.8 million for the Corresponding Period to approximately RMB834.0 million for the Reporting Period, primarily due to (a) the increase in the actual heat service area of the Group, (b) the increase in the fees from customers for provision and distribution of heat from Hulunbuir Project, and (c) the increase in the provision of engineering construction services.

Cost of Sales

During the Reporting Period, our cost of sales mainly includes (a) costs for purchases of heat, (b) construction costs, (c) amortisation of intangible assets, and (d) materials consumed. Our cost of sales increased by 16.3% from approximately RMB516.2 million for the Corresponding Period to approximately RMB600.2 million for the Reporting Period, primarily attributable to (a) the increase in costs for purchases of heat, and (b) the increase in construction costs.

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			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Heat services	215,365	30.9	179,906	27.9
Engineering construction services	11,993	9.8	4,540	10.5
EMC services	260	17.5	213	14.3
Heat transmission services	1,527	71.8	1,580	69.9
Sales of goods	989	49.8	5,568	51.0
Designing services	1,196	40.2	1,159	45.1
Others	2,464	36.6	1,638	33.1
Total	233,794	28.0	194,604	27.4

For the Reporting Period, our gross profit was approximately RMB233.8 million, representing an increase of 20.1% as compared with approximately RMB194.6 million for the Corresponding Period.

For the Reporting Period, our gross profit margin was approximately 28.0% (Corresponding Period: 27.4%). The increase in gross profit margin was mainly attributable to (a) the increase in the heat service area of the Group, and (b) the decrease in the cost of heat due to the decrease in fuel cost.

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 0.1% from approximately RMB70.1 million for the Corresponding Period to approximately RMB70.2 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 RMB19.4 million, as compared with a reversal of impairment losses of approximately RMB21.1 million for the Corresponding Period, primarily due to the lower expected credit risk of lease receivables.

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 RMB18.4 million, representing an increase of approximately 7.6% from approximately RMB17.1 million for the Corresponding Period, primarily due to the increase in rental income from Taiyuan City Renewable Energy Heat Supply Company Limited* (太原市再生能源供热有限公司).



Other Losses — net

During the Reporting Period, our other losses-net mainly consisted of fair value losses of investment properties. For the Reporting Period, our other losses-net was approximately RMB2.2 million, representing an increase of approximately 29.4% from approximately RMB1.7 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 RMB10.1 million, representing an increase of approximately 4.1% from approximately RMB9.7 million for the Corresponding Period, primarily due to the increase in the interest income from bank deposit.

For the Reporting Period, our finance costs amounted to approximately RMB23.3 million, representing a decrease of approximately 7.9% from approximately RMB25.3 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 RMB35.9 million, representing an increase of approximately 2.3% from approximately RMB35.1 million for the Corresponding Period, primarily due to the increase in profit before income tax.

Profit for the Period

For the Reporting Period, profit for the period amounted to approximately RMB154.7 million, representing an increase of approximately 36.5% from approximately RMB113.3 million for the Corresponding Period, primarily attributable to the increase in gross profit as a result of the combined effect of (a) the increase in heat service area of the Group, and (b) the decrease in the cost of heat due to the decrease in fuel cost.

Profit Attributable to Owners of the Company

For the Reporting Period, profit attributable to owners of the Company amounted to approximately RMB112.3 million, representing an increase of approximately 41.6% from approximately RMB79.3 million for the Corresponding Period. Profit attributable to owners of the Company was basically in line with the increase 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 2024, we had cash and cash equivalents of approximately RMB346.0 million (31 December 2023: RMB713.2 million) and restricted cash balances of approximately RMB115.9 million (31 December 2023: RMB86.5 million). The cash and cash equivalents of the Group are held in RMB and HKD. The restricted cash of the Group were deposits placed with the banks for the issuance of bank acceptance notes and special funds provided by the government.

As at 30 June 2024, we had current assets of approximately RMB1,141.8 million (31 December 2023: RMB1,411.9 million) which comprised inventories, trade receivables, prepayments and other receivables, restricted cash and cash and cash equivalents. As at 30 June 2024, we had current liabilities amounted to approximately RMB1,529.4 million (31 December 2023: RMB1,766.5 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 0.7 times as at 30 June 2024 (31 December 2023: 0.8 times).

Gearing ratio

As at 30 June 2024, the gearing ratio, calculated by dividing total borrowings by total equity, was 0.5 (31 December 2023: 0.6).



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 2024, the bank borrowings were approximately RMB728.6 million (31 December 2023: RMB719.8 million), of which approximately RMB238.7 million will be repayable within 1 year (31 December 2023: RMB131.4 million). Our borrowings were all denominated in RMB.

As at 30 June 2024, 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 RMB139.0 million (31 December 2023: RMB148.5 million) were guaranteed by the Company and secured by certain trade receivables. The bank borrowings of Lanzhou Shuangliang amounting to approximately RMB73.1 million (31 December 2023: RMB103.9 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 RMB203.6 million (31 December 2023: RMB203.4 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 RMB187.5 million (31 December 2023: RMB150.0 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 RMB7.4 million (31 December 2023: RMB5.5 million) were guaranteed by the Company and secured by certain trade receivables.

As at 30 June 2024, unsecured bank borrowings of certain subsidiaries of the Group amounting to approximately RMB60.0 million (31 December 2023: RMB50.0 million) were guaranteed by the Company.

The weighted average effective interest rate of borrowings was 4.47% per annum as at 30 June 2024 (31 December 2023: 4.76% per annum). As at 30 June 2024, bank borrowings of the Group amounting to approximately RMB728.6 million were at fixed interest rates ranging from 3.40% to 5.19% per annum.

FOREIGN EXCHANGE EXPOSURE

The principal activities of the Group are operated in the PRC. The Group operates mainly 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 (2023: 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 2024, we had capital expenditures contracted for but not yet incurred of approximately RMB19.7 million as compared to approximately RMB39.9 million as at 31 December 2023. 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

A summary of the property held for investment acquired by the Group during the Reporting Period is set out below:

Location	Usage	Lease term of land	Approximate Gross Floor Area (sq.m.)
Ruiling Mingjun No. 26 office building situated at north of Zhongchuan Street (Weisan Road) and east of Xinlongshan Road (Jingshi Road), Lanzhou New Area, Lanzhou* (蘭州新區中川街(緯三路)以北、興隆山路(經十路)以東)	Commercial service uses	Medium ^(Note 2)	20,441.70

Notes:

- (1) Insignificant properties held for investment are not included.
- (2) Medium is defined as the term of land use right granted remaining unexpired at the end of the Reporting Period is less than 50 years but not less than 10 years.

Save as disclosed above, there were no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

CHARGES ON ASSETS

As at 30 June 2024, intangible assets with carrying amount of approximately RMB712.3 million (31 December 2023: RMB731.9 million) were pledged as collaterals for the bank borrowings of the Group.

As at 30 June 2024, trade receivables with carrying amount of approximately RMB406.2 million (31 December 2023: RMB334.2 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 2024.

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, a deputy general manager of the Company and the Board secretary, 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 2024, the Group had 854 employees (31 December 2023: 816). For the Reporting Period, the total employee benefit expenses of the Group were approximately RMB45.8 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 highly values its employees and 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 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 2024, while ensuring steady growth in the performance of the Group's existing projects and seeking market expansion, the Group will continue to stick to the following two key areas:

(1) To continuously improve the digitalised heat service platform

In the first half of 2024, the Company set the overall goal of "production integration, operation integration and management integration" and formulated the development plan for its digitalised heat service platform. In the second half of 2024, the Group will strive to achieve the following targets: (a) in terms of data collection for heat services and real-time monitoring of the platform, the Group will strive to optimise its data collection solutions and improve the data collection process of its heat service projects; (b) in terms of customer management and customer service improvement, the Group will complete the development of a new customer service system, realise data connection between production system and billing and customer service system, and take over the operation and maintenance services of billing and customer service system. The Group will also launch the relevant Wechat service account and develop related mini-programs; (c) in terms of remote control and automatic adjustment, the Group will develop and optimise relevant functions through cooperation with universities; and (d) in terms of data analysis, the Group expects to achieve dashboard management function within 2024.

(2) To establish a Heating Technology Center at the Central Research Institute for Carbon Neutrality

In the first half of 2024, the Group clarified the functional positioning of the Heating Technology Center within the Group and formulated its future work plan, which includes but not limited to seeking cooperation with universities and research institutions in the field of clean energy heating, and inviting experts in the field of clean energy heating and technical personnel from various subsidiaries of the Group to join the Heating Technology Center.



EVENTS AFTER THE REPORTING PERIOD

Issuance of Filing Notice by the CSRC for the Full Circulation of Shares

Reference is made to the announcement of the Company dated 3 July 2024. The Company has completed the filing with the CSRC in respect of the implementation of conversion up to an aggregate of 226,000,000 Domestic Shares into H Shares on 28 June 2024.

Listing Approval Granted by the Stock Exchange for the Full Circulation of Shares

Reference is made to the announcement of the Company dated 21 August 2024. On 20 August 2024, the Stock Exchange granted its approval for the listing of and permission to deal in 226,000,000 H Shares, representing the total number of Domestic Shares to be converted under the Conversion and Listing, subject to fulfillment of all other conditions of the Conversion and Listing.

Completion of the Full Circulation of Shares

Reference is made to the announcement of the Company dated 2 September 2024. On 2 September 2024, the Company has completed the conversion of 226,000,000 Domestic Shares into H Shares, and the listing of such converted H Shares on the Stock Exchange has commenced at 9:00 a.m. on 3 September 2024. The participating shareholders of the full circulation can only conduct trading of such converted H Shares subject to the completion of the relevant onshore arrangement procedures.

Save as disclosed above, the Board is not aware of any significant event occurred that materially affects the Group's financial condition or operations 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 2024, 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	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Company ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares of the Company ⁽³⁾
Mr. Geng Ming	Chairman and executive Director	Domestic Shares	Beneficial Owner	2,000,000	0.66%	0.88%
Mr. Li Baoshan	Executive Director	Domestic Shares	Beneficial Owner	6,000,000	1.99%	2.65%
Mr. Miao Wenbin ⁽⁴⁾	Non-executive Director	Domestic Shares	Other interests	201,000,000	66.66%	88.94%
Mr. Ma Fulin ⁽⁴⁾	Non-executive Director	Domestic Shares	Other interests	201,000,000	66.66%	88.94%
Mr. Ma Peilin ⁽⁴⁾	Supervisor	Domestic Shares	Other interests	201,000,000	66.66%	88.94%
Mr. Chen Zhen ⁽⁵⁾	Supervisor	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%

Notes:

- All interests stated are long position.
- This is based on the total Shares (including Domestic Shares and H Shares) in issue as at 30 June 2024, being 301,600,000.
- This is based on the total Domestic Shares in issue as at 30 June 2024, being 226,000,000.
- Shuangliang Technology and Jiangsu Lichuang hold 150,000,000 and 51,000,000 Domestic Shares respectively. The non-executive Directors, namely Mr. Miao Wenbin and Mr. Ma Fulin, and the supervisor, 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 and Jiangsu Lichuang. Shuangliang Technology and Jiangsu Lichuang 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 Shuangliang Technology and Jiangsu Lichuang. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 Domestic Shares through Shuangliang Technology and Jiangsu Lichuang. Shuangliang Technology, Jiangsu Lichuang 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 Domestic Shares held by Ms. Miao Shuya.



Save as disclosed above, as at 30 June 2024, 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 2024, 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 Shareholder	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding interest in the Company ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares of the Company ⁽³⁾
Shuangliang Technology ⁽⁴⁾	Domestic Shares	Beneficial owner	150,000,000	49.75%	66.37%
Jiangsu Lichuang ⁽⁴⁾	Domestic Shares	Beneficial owner	51,000,000	16.91%	22.57%
Xingyi Investment Management (Hong Kong) Limited ⁽⁵⁾	H Shares	Beneficial owner	15,660,000	5.19%	20.71%
Ms. Zhou Xiaoping ⁽⁵⁾	H Shares	Interest in a controlled corporation	15,660,000	5.19%	20.71%
Jiang Gang International Investment Company Limited ⁽⁶⁾	H Shares	Beneficial owner	14,823,000	4.91%	19.61%
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) ⁽⁶⁾	H Shares	Interest in a controlled corporation	14,823,000	4.91%	19.61%

Other information

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Company ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares of the Company ⁽³⁾
Jiangyin State-owned Capital Holding (Group) Company Limited* (江陰國有資本控股(集團)有限公司) ⁽⁶⁾	H Shares	Interest in a controlled corporation	14,823,000	4.91%	19.61%
Ms. Chen Yang ⁽⁷⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Ms. Miao Minhua ⁽⁸⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Ms. Li Dongju ⁽⁹⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Mr. Miao Shuangda ⁽¹⁰⁾	Domestic Shares	Other interest	201,000,000	66.66%	88.94%
Ms. Zhu Duomei ⁽¹¹⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Mr. Miao Zhiqiang ⁽¹⁰⁾	Domestic Shares	Other interest	201,000,000	66.66%	88.94%
Ms. Lu Hongxia ⁽¹²⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Ms. Miao Shuya ⁽¹⁰⁾	Domestic Shares	Other interest	201,000,000	66.66%	88.94%
Mr. Miao Heida ⁽¹⁰⁾	Domestic Shares	Other interest	201,000,000	66.66%	88.94%
Ms. Zhu Meifeng ⁽¹³⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Mr. Jiang Rongfang ⁽¹⁰⁾	Domestic Shares	Other interest	201,000,000	66.66%	88.94%
Ms. Chen Rongxiu ⁽¹⁴⁾	Domestic Shares	Interest of spouse	201,000,000	66.66%	88.94%
Galaxy Way Development Limited ⁽¹⁵⁾	H Shares	Beneficial owner	9,300,000	3.08%	12.30%
GoFintech Innovation Limited ⁽¹⁵⁾	H Shares	Interest in a controlled corporation	9,300,000	3.08%	12.30%

Notes:

- All interests stated are long position.
- This is based on the total Shares (including Domestic Shares and H Shares) in issue as at 30 June 2024, being 301,600,000.



3. This is based on the total Domestic Shares and H Shares in issue as at 30 June 2024, being 226,000,000 and 75,600,000 respectively.
4. The registered capital of Shuangliang Technology and Jiangsu Lichuang are held as to 20% by Mr. Miao Shuangda, 15% by Mr. Miao Wenbin, 10% by Mr. Miao Zhiqiang, 10% by Ms. Miao Shuya, 10% by Mr. Miao Heida, 15% by Mr. Jiang Rongfang, 10% by Mr. Ma Fulin and 10% by Mr. Ma Peilin, respectively. The Individual Shareholders are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology and Jiangsu Lichuang. Shuangliang Technology and Jiangsu Lichuang 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 Shuangliang Technology and Jiangsu Lichuang. Shuangliang Technology is thus deemed to be interested in the 51,000,000 Domestic Shares held by Jiangsu Lichuang and Jiangsu Lichuang is thus deemed to be interested in the 150,000,000 Domestic Shares held by Shuangliang Technology. Shuangliang Technology, Jiangsu Lichuang and the Individual Shareholders collectively are deemed to be interested in 66.66% of the equity interest in the Company.
5. 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 Domestic 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 Domestic 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 Domestic Shares held by Mr. Ma Peilin.
10. Shuangliang Technology and Jiangsu Lichuang hold 150,000,000 and 51,000,000 Domestic Shares respectively. The Individual Shareholders are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology and Jiangsu Lichuang. Shuangliang Technology and Jiangsu Lichuang 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 Shuangliang Technology and Jiangsu Lichuang. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 Domestic Shares through Shuangliang Technology and Jiangsu Lichuang.
11. Ms. Zhu Duomei is the spouse of Mr. Miao Shuangda, and Ms. Zhu Duomei is thus deemed to be interested in the Domestic 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 Domestic 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 Domestic 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 Domestic Shares held by Mr. Jiang Rongfang.
15. Galaxy Way Development Limited is wholly-owned by GoFintech Innovation Limited, and GoFintech Innovation Limited is thus deemed to be interested in the H Shares held by Galaxy Way Development Limited.

Save as disclosed above, as at 30 June 2024, 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.



Other information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries had 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 2024, 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).

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 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 securities transactions by Directors and supervisors of the Company on terms no less exacting than the Model Code.

Having made specific enquiries with all the Directors and supervisors of the Company, each of the Directors and supervisors of the Company 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 change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Dr. Tse Hui Tung, Sheldon (謝曉東) ("**Dr. Tse**"), MH. Dr. Tse has over 20 years of experience in corporate finance, mergers and acquisitions, private equity, joint ventures and compliance matters. Dr. Tse is currently a China-appointed Attesting Officer (中國委託公證人) and a fellow member of the Hong Kong Securities and Investment Institute.

Save as disclosed above, there has been no change to the information of the Directors, supervisors and members of senior management subsequent to the publication of the 2023 annual report of the Company on 24 April 2024.

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 condensed consolidated financial information of the Group for the Reporting Period have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. 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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was successfully listed on the Main Board on 10 July 2023. The net proceeds from the Global Offering, after deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$187.5 million. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. For the Reporting Period, the Group has not utilised the net proceeds.

Net proceeds from the Global Offering have been, and will be, utilised in accordance with the proportion of use allocation as set out in the section headed “Future Plan and Use of Proceeds” in the Prospectus.

The table below sets out the planned applications of the net proceeds and actual usage from the Listing Date up to 23 August 2024:

Major Uses	Percentage of net proceeds	Planned allocation of Net Proceeds (HKD million)	Planned allocation of Net Proceeds ⁽²⁾ (RMB million)	Utilised amount (as at 23 August 2024) (RMB million)	Unutilised amount (as at 23 August 2024) (RMB million)	Expected timeline for utilising the unutilised net proceeds from the Global Offering ⁽¹⁾
Lanzhou Peak-shaving Boiler Construction	50.0%	93.7	85.3	32.7	52.6	On or before 31 December 2024 ⁽³⁾
Xinmi Project Preparation and Expansion	40.0%	75.0	68.2	16.2	52.0	On or before 31 December 2024 ⁽³⁾
The Group’s working capital and other general corporate purposes	10.0%	18.8	17.1	10.0	7.1	On or before 31 December 2024 ⁽³⁾
Total	100.0%	187.5	170.6	58.9	111.7	

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 SFO 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).

MATERIAL LITIGATION

As at 30 June 2024, 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 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	833,999	710,818
Cost of sales	8	(600,205)	(516,214)
Gross profit		233,794	194,604
Administrative expenses	8	(70,229)	(70,063)
Reversal of impairment losses on financial assets and contract assets		19,411	21,140
Other income	9	18,446	17,131
Other losses — net	10	(2,247)	(1,690)
Operating profit		199,175	161,122
Finance income	11	10,077	9,686
Finance costs	11	(23,250)	(25,310)
Finance costs — net	11	(13,173)	(15,624)
Share of profit of associates accounted for using the equity method	15	4,579	2,935
Profit before income tax		190,581	148,433
Income tax expenses	12	(35,927)	(35,096)
Profit and total comprehensive income for the period		154,654	113,337
Profit and total comprehensive income attributable to:			
— Owners of the Company		112,287	79,272
— Non-controlling interests		42,367	34,065
		154,654	113,337
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	13	0.37	0.35

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

The accompanying notes on pages 27 to 46 form an integral part of this interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	16	190,590	195,834
Investment properties	17	380,146	344,197
Right-of-use assets		24,884	26,724
Intangible assets	18	3,521,477	3,520,839
Investments accounted for using the equity method	15	114,711	110,132
Trade receivables	19	87,932	87,874
Prepayments and other receivables		27,583	31,870
Deferred income tax assets		75,086	67,603
		4,422,409	4,385,073
Current assets			
Inventories		31,755	36,871
Trade receivables	19	573,607	472,690
Prepayments and other receivables		74,553	102,681
Restricted cash	20	115,909	86,468
Cash and cash equivalents	20	346,017	713,175
		1,141,841	1,411,885
Total assets		5,564,250	5,796,958
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	301,600	301,600
Other reserves		354,800	354,800
Retained earnings		466,455	399,408
		1,122,855	1,055,808
Non-controlling interests		223,228	243,197
Total equity		1,346,083	1,299,005

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	22	489,902	588,430
Other payables	23	46,528	62,985
Contract liabilities	7(b)	1,989,558	1,915,126
Lease liabilities		15,907	17,451
Deferred income		81,745	89,719
Deferred income tax liabilities		30,560	26,406
Provision	24	34,588	31,298
		2,688,788	2,731,415
Current liabilities			
Borrowings	22	238,686	131,380
Trade and other payables	23	1,082,110	1,043,407
Contract liabilities	7(b)	156,354	539,480
Lease liabilities		1,686	164
Current income tax liabilities		50,543	52,107
		1,529,379	1,766,538
Total liabilities		4,218,167	4,497,953
Total equity and liabilities		5,564,250	5,796,958

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

The accompanying notes on pages 27 to 46 form an integral part of this interim financial information.

The financial statements on pages 22 to 46 were approved and authorized for issue by the Board of Directors and were signed on its behalf.

Geng Ming
Director

Luo Wei
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2024



Note	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2023	226,000	200,114	301,003	727,117	195,445	922,562
Comprehensive Income						
Profit for the period	—	—	79,272	79,272	34,065	113,337
Total comprehensive income for the period ended 30 June 2023	—	—	79,272	79,272	34,065	113,337
Transactions with owners in their capacity as owners:						
Dividends	—	—	—	—	(30,000)	(30,000)
Others	15	(25)	—	(25)	—	(25)
Total transactions with owners	—	(25)	—	(25)	(30,000)	(30,025)
Balance at 30 June 2023 (Unaudited)	226,000	200,089	380,275	806,364	199,510	1,005,874

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2024	301,600	354,800	399,408	1,055,808	243,197	1,299,005
Comprehensive Income						
Profit for the period	—	—	112,287	112,287	42,367	154,654
Total comprehensive income for the period ended 30 June 2024	—	—	112,287	112,287	42,367	154,654
Transactions with owners in their capacity as owners:						
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)
Balance at 30 June 2024 (Unaudited)	301,600	354,800	466,455	1,122,855	223,228	1,346,083

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 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		(113,023)	67,146
Income tax paid		(41,749)	(40,280)
Net cash (used in)/generated from operating activities		(154,772)	26,866
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,876)	(16,259)
Disposal of property, plant and equipment		33	24
Proceeds from finance lease of plant and equipment to a related party		—	4,197
Purchases of intangible assets		(167,551)	(141,166)
Proceeds from financing arrangements with a third party (including repayments of principal and interest)		31,213	22,255
Interest received on bank deposits		3,972	1,951
Net cash used in investing activities		(134,209)	(128,998)
Cash flows from financing activities			
Capital injection from non-controlling shareholders of a subsidiary		10,000	—
Deregistration of a subsidiary		(925)	—
Payments for listing expenses		—	(8,477)
Proceeds from borrowings		232,563	219,946
Repayment of borrowings		(223,785)	(218,274)
Payments for lease liabilities		(304)	(505)
Installment payment for acquisition of intangible assets		(18,633)	(28,521)
Dividends paid to the owners of the Company		(45,240)	—
Dividends paid to non-controlling shareholders of subsidiaries		(10,000)	(10,000)
Interest paid on lease liabilities		(580)	(630)
Interest paid on installment payable for acquisition of intangible assets		(2,866)	(758)
Interest paid on borrowings		(18,407)	(22,572)
Net cash used in financing activities		(78,177)	(69,791)
Net decrease in cash and cash equivalents		(367,158)	(171,923)
Cash and cash equivalents at the beginning of the period		713,175	378,068
Cash and cash equivalents at the end of the period	20	346,017	206,145

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



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 Jiangsu Shuangliang Technology Company Limited (江蘇雙良科技有限公司) (“**Shuangliang Technology**”) and Jiangsu Lichuang New Energy Company Limited (江蘇利創新能源有限公司) (“**Jiangsu Lichuang**”), both of 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 2024 (“**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 23 August 2024.

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 2023, 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 2024.

As at 30 June 2024, the Group had net current liabilities of RMB387,538,000. The net current liabilities included contract liabilities amounted to RMB156,354,000 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 2024 amounted to RMB728,588,000 of which RMB238,686,000 are classified as current liabilities, while its cash and cash equivalents amounted to RMB346,017,000 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 2024 as necessary.

As at 30 June 2024, the Group had unused banking facilities amounting to RMB477 million, of which RMB50 million is available to the Group up to November 2024, RMB225 million is available to the Group up to April 2025, RMB60 million is available to the Group up to June 2026, and the remaining RMB142 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 2024. 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 2023, 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 IAS 21	Lack of exchangeability	1 January 2025
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: disclosures	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 2023.

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 2023.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2023.

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
As at 30 June 2024 (Unaudited)					
Lease liabilities	2,730	3,614	9,970	5,200	21,514
Borrowings	269,213	142,822	307,861	97,758	817,654
Trade and other payables (excluding non-financial liabilities)	1,045,468	31,735	17,057	737	1,094,997
Total	1,317,411	178,171	334,888	103,695	1,934,165

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
As at 31 December 2023 (Audited)					
Lease liabilities	1,302	3,739	10,348	6,763	22,152
Borrowings	163,206	191,991	342,650	128,676	826,523
Trade and other payables (excluding non-financial liabilities)	982,787	36,730	29,690	1,475	1,050,682
Total	1,147,295	232,460	382,688	136,914	1,899,357

5.3 Fair value estimation

There were no financial assets classified as level 3 instruments for the six months ended 30 June 2024 and 2023.

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 2023, 54% of provision and distribution of heat revenues accumulated in the first half of the year was related to the heat service period of 2022–2023, with the remaining 46% accumulated in the second half of the year was related to the heat service period of 2023–2024.

Notes to the Interim Financial Information

7 REVENUE AND SEGMENT INFORMATION

(a) Revenue from contract with customers

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers:		
– Provision and distribution of heat	643,893	597,222
– Consideration from customers	551,403	503,931
– Price subsidies from local government	92,490	93,291
– Engineering construction services	122,202	43,152
– Pipeline connection fees	52,591	48,250
– Heat transmission services	2,128	2,259
– Sale of goods	1,986	10,924
– Energy management services	1,488	1,488
– Designing services	2,974	2,568
– Others	6,737	4,955
	833,999	710,818
Timing of revenue recognition:		
– At a point in time	8,891	18,109
– Over time	825,108	692,709
	833,999	710,818

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 2024 and 2023.

(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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Costs for purchases of heat	225,422	214,111
Construction costs	110,209	38,612
Amortisation of intangible assets (Note 18)	108,147	105,726
Materials consumed	65,472	70,391
Utility costs	56,810	53,013
Employee benefit expenses	45,843	44,818
Depreciation of property, plant and equipment (Note 16)	9,209	8,590
Maintenance expenses	5,932	4,386
Entertainment expenses	5,622	5,762
Travelling expenses	4,485	3,461
Other taxes and surcharges	3,688	3,423
Consulting and professional service fees	2,006	1,772
Depreciation of right-of-use assets	1,560	1,790
Cost of goods sold	997	5,356
Short-term lease expenses	775	870
Auditors' remuneration	566	566
Listing expenses	—	3,008
Others	23,691	20,622
Total	670,434	586,277

9 OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants (Note (a))	10,496	10,615
Rental income	7,950	6,516
	18,446	17,131

(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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fair value losses of investment properties (Note 17)	(5,325)	(2,450)
Gain on extinguishment of account receivables	2,043	—
Foreign exchange gain	1,097	—
Losses on deregistration of a subsidiary	(181)	—
Gains/(losses) on disposal of property, plant and equipment, net	2	(3)
Others	117	763
	(2,247)	(1,690)

11 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance income:		
Interest income from bank deposits	3,972	1,951
Interest income from financing arrangements	1,070	2,315
Interest income from finance lease to a related party	541	615
Interest income from lease receivables	4,494	4,805
	10,077	9,686
Finance costs:		
Interest expenses on borrowings	(18,454)	(22,734)
Interest expenses on lease liabilities	(580)	(630)
Interest expenses on installment payable for acquisition of intangible assets	(2,866)	(758)
Interest expenses on loans from government	(464)	(462)
Unwinding of provision	(886)	(726)
	(23,250)	(25,310)
Finance costs – net	(13,173)	(15,624)

Notes to the Interim Financial Information



12 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax	39,257	38,339
Deferred income tax	(3,330)	(3,243)
	35,927	35,096

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 2024 is 19% (six months ended 30 June 2023: 24%).

13 EARNINGS PER SHARE

(a) Basic

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to the owners of the Company (RMB'000)	112,287	79,272
Weighted average number of ordinary shares in issue (thousands)	301,600	226,000
Basic earnings per share (RMB per share)	0.37	0.35

(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 2024 and 2023.

14 DIVIDENDS

No interim dividend was declared and paid by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance	110,132	94,966
Share of net profit	4,579	2,935
Share of other comprehensive loss	—	(25)
Closing balance	114,711	97,876

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Transportation equipment	Office and electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023						
Cost	151,180	92,646	28,410	18,441	2,719	293,396
Accumulated depreciation	(30,560)	(26,540)	(23,050)	(15,471)	(1,941)	(97,562)
Net book amount	120,620	66,106	5,360	2,970	778	195,834
Six months ended 30 June 2024 (Unaudited)						
Opening net book amount at 1 January 2024	120,620	66,106	5,360	2,970	778	195,834
Additions	2,725	398	409	402	62	3,996
Disposals	—	—	(13)	(18)	—	(31)
Depreciation	(2,860)	(4,903)	(743)	(506)	(197)	(9,209)
Closing net book amount at 30 June 2024	120,485	61,601	5,013	2,848	643	190,590
At 30 June 2024						
Cost	153,905	93,044	28,557	18,605	2,781	296,892
Accumulated depreciation	(33,420)	(31,443)	(23,544)	(15,757)	(2,138)	(106,302)
Net book amount	120,485	61,601	5,013	2,848	643	190,590

As at 30 June 2024 and 31 December 2023, 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 RMB25,728,000 and RMB26,847,000, 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Opening balance	344,197	267,200
Addition	41,274	24,200
Net losses from fair value adjustment	(5,325)	(2,450)
Closing balance	380,146	288,950

Amounts recognised in profit or loss for investment properties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rental income from operating leases	7,950	6,516
Fair value losses	(5,325)	(2,450)

Notes to the Interim Financial Information

18 INTANGIBLE ASSETS

	Goodwill RMB'000	Operating concessions RMB'000	Software RMB'000	Total RMB'000
At 31 December 2023				
Cost	9,047	5,139,359	20,776	5,169,182
Accumulated amortisation	—	(1,518,986)	(8,846)	(1,527,832)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,499,862	11,930	3,520,839
Six months ended 30 June 2024 (Unaudited)				
Opening net book amount	9,047	3,499,862	11,930	3,520,839
Additions	—	108,785	—	108,785
Amortisation	—	(107,570)	(577)	(108,147)
Closing net book amount	9,047	3,501,077	11,353	3,521,477
At 30 June 2024				
Cost	9,047	5,248,144	20,776	5,277,967
Accumulated amortisation	—	(1,626,556)	(9,423)	(1,635,979)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,501,077	11,353	3,521,477

(a) Impairment test 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 2024, 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 2023 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 2024. For details of the key assumptions used, see note 17(a) of the annual financial statements for the year ended 31 December 2023.

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

As at 30 June 2024, with assistance of an independent valuer, 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 considered that no further impairment charge for the six months ended 30 June 2024 was required. As at 30 June 2024, the recoverable amount of the CGU related to Shuozhou Renewable Energy approximated its carrying amount. Management considers 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	108,044	105,413
Administrative expenses	103	313
	108,147	105,726

- (d) As at 30 June 2024 and 31 December 2023, intangible assets with carrying amount of approximately RMB712,250,000 and RMB731,866,000, respectively, were pledged as collaterals for the bank borrowings of the Group (Notes 22(a)).

19 TRADE RECEIVABLES

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Included in current assets		
Trade receivables (Note (a))		
– Related parties (Note 26(b)(ii))	2,910	2,080
– Third parties	601,586	509,182
	604,496	511,262
Notes receivables	4,324	1,319
Lease receivables	18,905	18,904
Less: allowance for impairment of trade receivables and lease receivables	(54,118)	(58,795)
	573,607	472,690
Included in non-current assets		
Lease receivables	90,597	105,146
Less: allowance for impairment of lease receivables	(2,665)	(17,272)
	87,932	87,874
	661,539	560,564

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	429,102	374,903
1 to 2 years	118,844	103,575
2 to 3 years	28,782	12,196
Over 3 years	27,768	20,588
	604,496	511,262

- (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 2024 and 31 December 2023, trade receivables with carrying amount of approximately RMB406,189,000 and RMB334,229,000 respectively, were pledged as collaterals for the bank borrowings of the Group (Note 22(a)).

20 CASH AND CASH EQUIVALENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at banks	461,896	799,606
Cash on hand	30	37
	461,926	799,643
Less: restricted cash (Note (a))	(115,909)	(86,468)
Cash and cash equivalents	346,017	713,175

- (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 2024, restricted cash for the issuance of bank's acceptance notes amounted to approximately RMB105,893,000 (31 December 2023: RMB80,462,000). As at 30 June 2024, restricted cash provided by local government as special funds for city gas pipeline renewal project amounted to RMB10,016,000 (31 December 2023: RMB6,006,000).

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
HK\$	166,351	165,298
RMB	179,666	547,877
Cash and cash equivalents	346,017	713,175

21 SHARE CAPITAL

The Company	Number of ordinary shares	Total RMB'000
As at 30 June 2024 and 31 December 2023	301,600,000	301,600

Notes to the Interim Financial Information

22 BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Included in non-current liabilities:		
Bank borrowings		
– secured and guaranteed (Note (a))	560,587	581,310
– unsecured	58,001	58,500
	618,588	639,810
Less: current portion of non-current liabilities	(128,686)	(51,380)
	489,902	588,430
Included in current liabilities:		
Bank borrowings		
– secured and guaranteed (Note (a))	50,000	30,000
– unsecured and guaranteed (Note (b))	60,000	50,000
Current portion of non-current liabilities	128,686	51,380
	238,686	131,380
Total	728,588	719,810

- (a) As at 30 June 2024, the bank borrowings of Hulunbuir Shuangliang Energy System Company Limited (“**Hulunbuir Shuangliang**”) (a subsidiary of the Company) amounting to RMB139,000,000 (31 December 2023: RMB148,500,000) 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 RMB73,125,000 (31 December 2023: RMB103,875,000) were 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 RMB203,564,000 (31 December 2023: RMB203,399,000) were guaranteed by the Company and secured by certain trade receivables (Note 19(d)). Meanwhile, the bank borrowings of Shuozhou Renewable Energy amounting to RMB187,500,000 (31 December 2023: RMB150,000,000) 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 RMB7,398,000 (31 December 2023: RMB5,536,000) were guaranteed by the Company and secured by certain trade receivables (Note 19(d)).
- (b) As at 30 June 2024, unsecured bank borrowings of certain subsidiaries amounting to RMB60,000,000 (31 December 2023: bank borrowings amounting to RMB50,000,000) were guaranteed by the Company.
- (c) The weighted average effective interest rate of borrowings was 4.47% per annum as at 30 June 2024 (31 December 2023: 4.76% 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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Included in current liabilities		
Trade payables		
— Third parties (Note (a))	517,809	498,311
— Related parties	—	1,525
	517,809	499,836
Notes payables	129,668	61,903
Amounts due to and advance from related parties	21,676	26,508
Payables for acquisition of intangible assets	218,618	270,160
Payables for acquisition of property, plant and equipment	4,824	5,420
Employee benefits payables	13,759	30,970
Other taxes payables	26,815	33,522
Interest payables	737	1,079
Employee reimbursement payables	243	1,263
Dividends payables to non-controlling interests	71,500	10,000
Loans from government	22,981	22,517
Refundable pipeline connection fee	1,895	1,895
Installment payable for acquisition of intangible assets	33,153	35,328
Others	18,432	43,006
	1,082,110	1,043,407
Included in non-current liabilities		
Other payables		
— A third party (installment payable for acquisition of intangible assets)	46,528	62,985
	1,128,638	1,106,392

Notes to the Interim Financial Information

23 TRADE AND OTHER PAYABLES (Continued)

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	370,194	348,546
1 to 2 years	25,249	42,984
2 to 3 years	33,965	33,936
Over 3 years	88,401	74,370
	517,809	499,836

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

24 PROVISION

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Provision for maintenance of service concession facilities	34,588	31,298

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.

Notes to the Interim Financial Information



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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
No later than 1 year	201	864

(b) Capital commitments

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Intangible assets	19,675	39,943

Notes to the Interim Financial Information

26 RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
i) Entity controlled or significantly influenced by certain shareholders		
Purchases of plant and equipment and services	3,516	3,635
Leasing arrangements	9	6
ii) Associate		
Sales of goods or services	3,706	3,887
Purchases of plant and equipment and services	1,007	331
Leasing arrangements	1,022	863

(b) Balances with related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	i) Entity controlled or significantly influenced by certain shareholders	
Trade and other payables	18,508	24,835
Prepayments and other receivables	3,603	89
ii) Associate		
Trade receivables	2,910	2,080
Lease receivables	23,684	23,230
Trade and other payables	3,168	2,498
Lease payables	6,866	7,386
Amount advance from related parties	—	700

27 CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

28 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Interim Financial Information, the Group did not have any significant subsequent events after 30 June 2024 and up to the date of issuance of this Interim Financial Information which may result in adjustment or additional disclosure herein.



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)
“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
“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 and Listing”	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 2023 to 30 June 2023
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“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
“Hulunbuir Project”	Hulunbuir Inner City Area Municipal Heat Services Project* (呼倫貝爾市中心城區城鎮供熱項目)
“Jiangsu Lichuang”	Jiangsu Lichuang New Energy Company Limited* (江蘇利創新能源有限公司), a company with limited liability established in the PRC on 24 December 1997, one of the controlling shareholders of the Company



Definitions

“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 Date”	Monday, 10 July 2023, being the date on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares are permitted to take place on the Stock Exchange
“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
“Prospectus”	the prospectus of the Company dated 28 June 2023
“Reporting Period”	the six-month period from 1 January 2024 to 30 June 2024
“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 the Domestic Shares and 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 Project”	Shuozhou Municipal Cogeneration Centralised Heat Services Project* (朔州市熱電聯產集中供熱項目)
“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
“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



慧居科技股份有限公司
Wise Living Technology Co., Ltd