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Wise Living Technology Co., Ltd

慧居科技股份有限公司

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

(Stock Code: 2481)

DISCLOSEABLE TRANSACTION ACQUISITION OF A PROPERTY

THE BACKGROUND OF THE ACQUISITION

The Board is pleased to announce that, on 22 December 2023, Lanzhou Shuangliang (as purchaser), an indirect non wholly-owned subsidiary of the Company, and the Vendor, a wholly-owned subsidiary of Lanzhou Urban Development, entered into the Agreement pursuant to which Lanzhou Shuangliang agreed to purchase and the Vendor agreed to sell the Property at the Consideration of RMB119.32 million.

Lanzhou Shuangliang has been providing heat service and pipeline connection services to Lanzhou Urban Development Group and Lanzhou Railway Construction as part of its business. As at 30 September 2023, Lanzhou Shuangliang had the Existing Receivables from Lanzhou Urban Development Group and Lanzhou Railway Construction in the aggregate amount of RMB74.87 million. To settle the Existing Receivables, Lanzhou Urban Development Group and Lanzhou Railway Construction proposed to Lanzhou Shuangliang in around May 2023 that the Vendor would transfer the Property to Lanzhou Shuangliang. Having taken into account various factors and after several rounds of arm's length negotiations between Lanzhou Shuangliang, Lanzhou Urban Development Group and Lanzhou Railway Construction, Lanzhou Shuangliang decided to accept their proposal.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio(s) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND OF THE ACQUISITION

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Lanzhou Shuangliang has been providing heat service and pipeline connection services to Lanzhou Urban Development Group and Lanzhou Railway Construction as part of its business operation. As at 30 September 2023, Lanzhou Shuangliang had the Existing Receivables from Lanzhou Urban Development Group and Lanzhou Railway Construction in the aggregate amount of RMB74.87 million. To settle the Existing Receivables, Lanzhou Urban Development Group and Lanzhou Railway Construction proposed to Lanzhou Shuangliang in around May 2023 that the Vendor would transfer the Property to Lanzhou Shuangliang. Having taken into account (i) the estimated property value of the Property; (ii) its investment potential and the rental value; and (iii) the Group's future business expansion plan in Lanzhou and the ongoing business relationship between Lanzhou Shuangliang and Lanzhou Urban Development Group; and after several rounds of arm's length negotiations between Lanzhou Shuangliang and Lanzhou Urban Development Group and Lanzhou Railway Construction, Lanzhou Shuangliang decided to accept their proposal. On 22 December 2023, the Vendor and Lanzhou Shuangliang entered into the Agreement for the sale and purchase of the Property.

THE AGREEMENT

Date 22 December 2023

Parties

- (1) The Purchaser: Lanzhou Shuangliang
- (2) The Vendor: Lanzhou New Area Real Estate Development Co., Ltd* (蘭州新區房地產開發有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Property to be acquired	A 16-storey office building (including one basement level) 瑞嶺名郡26#寫字樓 (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) and having a total gross floor area of approximately 20,441.70 square metres.
Usage	Commercial service uses
Consideration and payment terms	<p>The Consideration is RMB119.32 million, which was determined after arm's length negotiations between Lanzhou Shuangliang and the Vendor on normal commercial terms with reference to, among other things, the value of the Property amounting to RMB120.0 million as at 15 October 2023 according to a valuation report prepared by an independent professional valuer, the prevailing market conditions, as well as the location of the Property and market price of comparable properties in the same area.</p> <p>The Consideration will be satisfied by:</p> <ul style="list-style-type: none"> <li data-bbox="608 1112 1441 1232">(i) the Existing Receivables which amounted to approximately RMB74.87 million as at 30 September 2023; and <li data-bbox="608 1283 1441 1572">(ii) the prepayment of pipeline connection fees made by Lanzhou Urban Development Group and Lanzhou Railway Construction to Lanzhou Shuangliang in connection to the pipeline connection services to be provided by Lanzhou Shuangliang to them for the two years ending 31 December 2024, which amounted to approximately RMB44.45 million.

Completion

Subject to customary conditions precedent generally applicable to similar property acquisition transactions in the PRC, completion of the Acquisition shall take place on or before 31 December 2023, or on such other date as may be mutually agreed between Lanzhou Shuangliang and the Vendor.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of heat services to residential and non-residential heat service customers under concession rights. In addition to the provision of heat services, the Group also provides heat-related (i) engineering construction services; and (ii) EMC services.

INFORMATION ABOUT THE VENDOR

According to the public information available to the Directors, the Vendor is principally engaged in the development and operation of protective houses and real estate; and infrastructure construction. The Vendor is a wholly-owned subsidiary of Lanzhou Urban Development which is principally engaged in the land storage, organisation, development and utilisation; land acquisition and relocation; ecological and engineering construction; project management and real estate development. Lanzhou Railway Construction is principally engaged in the construction of building projects; real estate development and management; road cargo transportation. The equity interests of Lanzhou Railway Construction and Lanzhou Urban Development are held by three common shareholders, whose aggregated shareholding percentages in Lanzhou Railway Construction and Lanzhou Urban Development are more than 50%, respectively. Lanzhou Urban Development Group and Lanzhou Railway Construction have been the customers of Lanzhou Shuangliang since April 2016 and December 2015 respectively as Lanzhou Shuangliang has been providing heat service and pipeline connection services to them as part of its business operation.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor, Lanzhou Urban Development and Lanzhou Railway Construction and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Lanzhou Urban Development Group and Lanzhou Railway Construction proposed to Lanzhou Shuangliang that the Vendor would transfer the Property to settle the Existing Receivables in around May 2023. The Board has taken into consideration the following factors and reasons when it considered their proposal:

- (i) the Property, as a residential cum commercial development, is in the proximity to the local commercial centre and has investment potential and rental value. According to a valuation reporting prepared by an independent professional valuer, the value of the Property was estimated at approximately RMB120.0 million as at 15 October 2023;
- (ii) part of the Property can be used as office premises of Lanzhou Shuangliang following the completion of the Acquisition, which will provide more spacious area to cater for the Group's future development;
- (iii) the remaining portion of the Property which are not to be utilised by Lanzhou Shuangliang can be leased out to generate rental income for the Group in the future; and
- (iv) it is expected that Lanzhou Urban Development Group would have continuing heat service and pipeline connection needs from the Group in the future.

In light of (i) the estimated property value of the Property; (ii) its investment potential and the rental value; and (iii) the Group's future business expansion plan in Lanzhou and the ongoing business relationship between Lanzhou Shuangliang and Lanzhou Urban Development Group, the Board considers that the Acquisition and the terms of the Agreement including the Consideration are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio(s) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following respective meanings:

“Acquisition”	the acquisition of the Property by Lanzhou Shuangliang pursuant to the terms of the Agreement
“Agreement”	the agreement for sale and purchase of the Property entered into between Lanzhou Shuangliang and the Vendor on 22 December 2023
“Board” or “Board of Directors”	the board of Directors of the Company
“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 December 2015
“Consideration”	the consideration in the sum of RMB119.32 million for the Acquisition
“Director(s)”	the director(s) of the Company
“Existing Receivables”	Lanzhou Shuangliang’s trade receivables from Lanzhou Urban Development Group and Lanzhou Railway Construction in the aggregate amount of RMB39.87 million as at 30 September 2023 and Lanzhou Shuangliang’s other receivables from Lanzhou Urban Development Group in the aggregate amount of RMB35.00 million as at 30 September 2023
“Lanzhou Railway Construction”	Lanzhou New Area Railway Construction Investment Co., Ltd* (蘭州新區鐵路建設投資有限責任公司), a company with limited liability established in the PRC
“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

“Lanzhou Urban Development”	Lanzhou New Area Urban Development Investment Group Co., Ltd* (蘭州新區城市發展投資集團有限公司), a company with limited liability established in the PRC, the ultimate beneficial owner of which is Lanzhou New Area Management Committee* (蘭州新區管理委員會)
“Lanzhou Urban Development Group”	Lanzhou Urban Development and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China
“Property”	a 16-storey office building (including one basement level) 瑞嶺名郡26#寫字樓 (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) and having a total gross floor area of approximately 20,441.70 square metres
“Shareholders”	the shareholders of the Company
“Vendor”	Lanzhou New Area Real Estate Development Co., Ltd* (蘭州新區房地產開發有限公司), a company with limited liability established in the PRC, which is wholly-owned by Lanzhou Urban Development

By Order of the Board
Wise Living Technology Co., Ltd
GENG Ming
Chairman and Executive Director

Hong Kong, 22 December 2023

As at the date of this announcement, the Board comprises Mr. Geng Ming, Mr. Li Baoshan and Mr. Luo Wei as executive Directors, Mr. Miao Wenbin, Mr. Ma Fulin and Ms. Xu Lijie as non-executive Directors, and Mr. Cheung Ho Kong, Dr. Tse Hiu Tung, Sheldon and Dr. Zhu Qing as independent non-executive Directors.

* *For identification purpose only*