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慧居科技

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS

- Revenue for the Reporting Period was approximately RMB1,648.3 million, representing an increase of approximately 7.5% as compared with approximately RMB1,534.0 million for the Corresponding Period.
- Gross profit for the Reporting Period was approximately RMB459.3 million, representing an increase of approximately 16.5% as compared with approximately RMB394.2 million for the Corresponding Period.
- Profit attributable to owners of the Company was approximately RMB164.2 million, representing an increase of approximately 10.2% as compared with approximately RMB149.0 million for the Corresponding Period.
- The Board has resolved to recommend the payment of a final dividend of RMB0.164 per share (tax inclusive) for the year ended 31 December 2024 to all Shareholders whose names appear on the register of members of the Company on Wednesday, 28 May 2025 (subject to the consideration and approval of the same via ordinary resolution by Shareholders at the forthcoming AGM to be held on Friday, 16 May 2025), with a total amount being approximately RMB49,462,400.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Overview of the Heat Service Industry in the PRC

In the PRC, the demand for heat services has been increasing in recent years, with the total heat services area increased from 8.8 billion sq.m. in 2018 to 11.5 billion sq.m. in 2023. It is expected that the total heat service area in the PRC will increase to 14.5 billion sq.m. in 2027. In line with the social-wide implementation of the “Dual Carbon” Goal (carbon peaking and carbon neutrality goals) and the background of accelerating development of a new-energy system in the PRC, clean heating has become a key area in the development of China’s new-energy system and also a critical part in achieving China’s green and low-carbon circular economic development system. The central government of the PRC encourages municipal governments to develop different ways of clean heating. In response to such industry trend, heat service companies have been innovating their heating technologies to achieve cleaner and more efficient heating services. Currently, the major measures for clean heating transformation in heat service industry are to optimise heat sources with commitment to vigorously promoting clean heat resources. The 14th Five-Year Plan for Renewable Energy Development of the PRC (《“十四五”可再生能源發展規劃》) jointly issued by nine ministries and commissions including the National Development and Reform Commission of the PRC sets that by 2025 the scale of non-electric usage of geothermal heating, biomass heating and fuel and solar heating, should exceed 60 million tonnes of standard coal. Apart from heat sources optimisation, intelligent heating is also expected to play a crucial role in the transformation of clean heating. Through use of technologies such as artificial intelligence, cloud computing, big data, stimulation systems and Internet of Things, intelligent heating can realise unified management of production and allocation of heat supply system, real-time monitoring of the important facilities, equipment and their operating statistics within the system, achieve heat supply on actual and accurate demand, and accelerate the digitalisation, intellectualisation and green transformation of the heat service industry, thereby achieving the goals of energy conservation and carbon reduction.

Overview of the Engineering Construction Service Industry Specialising in Heat Facilities in the PRC

The development of the engineering construction service industry specialising in heat facilities in the PRC has benefited from the continuous development of the heating service 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 service 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

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 RMB1,648.3 million, representing a growth of 7.5% as compared with approximately RMB1,534.0 million for the Corresponding Period. The profit attributable to owners of the Company during the Reporting Period was RMB164.2 million, representing a growth of 10.2% as compared with RMB149.0 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.

(1) Heat Services

As at 31 December 2024, we had seven heat service projects under concession rights, three of the seven projects were in Shanxi Province, two were in Inner Mongolia Autonomous Region, one was in Gansu Province and one was in Henan Province. In respect of the Baotou Project, Wise Living Energy (Baotou) entered into the concession agreement with the Management Committee of Baotou Tuyou New Industrial Park of Inner Mongolia Autonomous Region* (內蒙古包頭土右新型工業園區管理委員會) on 19 September 2023. As of the date of this announcement, the Baotou Project is still under construction. The Baotou Project is expected to be prepared to support the supply of steam for heating in June 2025. The documentation and procedures for the project are being processed, with the expectation that various registration and other procedures and pipeline operation permits will be completed and obtained before 30 June 2025, and the conditions for provision of heating energy services will be met. Our total actual heat service area was approximately 50.0 million sq.m. as at 31 December 2024, representing an increase of 5.5% from approximately 47.4 million sq.m. as at 31 December 2023. For the Reporting Period, revenue generated from our heat services was approximately RMB1,297.3 million (Corresponding Period: RMB1,202.0 million), including (a) fees from customers for provision and distribution of heat of approximately RMB1,011.1 million (Corresponding Period: RMB922.4 million), (b) price subsidies from local government of approximately RMB179.8million (Corresponding Period: RMB180.9 million), and (c) pipeline connection fee of approximately RMB106.4 million (Corresponding Period: RMB98.7 million). The increase in the revenue generated from heat services for the Reporting Period was mainly attributable to (a) an increase in the revenue generated from provision and distribution of heat and pipeline connection fees due to an increase in actual heat service area and an increase in construction projects, and (b) an increase in heat rates of a certain concession project.

A. Heat Service Customers

During the Reporting Period, our heat service customers included both residential and non-residential heat service customers. As at 31 December 2024, we had approximately 400,797 heat service customers (31 December 2023: 386,806¹). The table below sets out our revenue generated from customers for our provision and distribution of heat by customer type for the periods indicated.

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Residential	610,101	60.3	560,538	60.8
Non-residential	401,017	39.7	361,893	39.2
	<u>1,011,118</u>	<u>100.0</u>	<u>922,431</u>	<u>100.0</u>

B. Heat Sources

During the Reporting Period, our heat sources included (a) heat procured from third parties, 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 service to our heat service customers. The geothermal energy exploration and utilisation technologies developed by us have made significant contributions to our green heating.

¹ The previously reported figure in the Company's 2023 annual report for the number of heat service customers was 427,031. After adjusting the calculation methodology for these areas, the number of heat service customers has been revised to down to more accurately reflect the actual figure.

C. Heat Distribution

Our heat distribution network comprises two component networks: (a) the primary distribution network, and (b) the secondary distribution network. As at 31 December 2024, we operated and owned most of our primary distribution pipelines with an aggregate length of approximately 644.4 kilometers (31 December 2023: 610.8 kilometers).

(2) Heat-related Engineering Construction Services

During the Reporting Period, revenue generated from our engineering construction services was approximately RMB322.2 million, representing an increase of 10.0% from approximately RMB292.8 million for the Corresponding Period, which was mainly due to an increase in construction projects. The table below sets out the revenue generated from our engineering construction services by service type for the periods indicated.

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Engineering construction services for our concession operations	289,377	89.8	285,341	97.5
Engineering construction services provided to customers	32,790	10.2	7,459	2.5
Total	<u>322,167</u>	<u>100.0</u>	<u>292,800</u>	<u>100.0</u>

(3) Heat-related EMC Services

During the Reporting Period, we provided energy-conservation service to an energy consuming enterprise to achieve certain energy-saving goals. For the Reporting Period, revenue generated from this EMC project remained stable of approximately RMB2.5 million as compared to the Corresponding Period, which was derived from the share of profit accrued from energy conserved as a result of the energy-conservation services provided by the Group.

(4) Other Businesses

During the Reporting Period, we also engaged in other businesses, including (a) the sale of heat service facilities (including heat service equipment, devices and relevant parts) to operators who required such facilities for their business operation; (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 provision of heat transmission services to a number of customers. The revenue generated from other businesses amounted to RMB26.3 million, representing a decrease of 28.3% from RMB36.7 million for the Corresponding Period. This was mainly due to a decrease in the sales of heat service facilities.

(5) Honors and Awards

In February 2025, the Company was awarded with the Jiangyin City's Outstanding Overseas Listed Companies in 2024* (江陰市2024年度優秀境外上市公司) by the Jiangyin Listed Companies Association* (江陰市上市公司協會).

In June 2024, Hulunbuir Shuangliang Energy System Company Limited* (呼倫貝爾雙良能源系統有限公司) was recognized as an “Excellent Integrity Demonstration Enterprise*” (優誠信示範企業) by the Development and Reform Commission of Inner Mongolia Autonomous Region* (內蒙古自治區發展和改革委員會).

In December 2023, Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司) was awarded the “2024 Shanxi Civilized Unit* (2024年山西省文明單位)” award by the Leading Group for Propaganda, Ideology and Culture of Shanxi Provincial Committee* (山西省委員會宣傳思想文化工作領導小組).

In June 2023, Shanxi Shuangliang Renewable Energy Industry Group Company Limited* (山西雙良再生能源產業集團有限公司) was honored with “2023 Taiyuan Outstanding Private Enterprise (2023年太原市優秀民營企業)” award by Taiyuan Municipal Committee* (太原市委) and Taiyuan Municipal People's Government* (太原市人民政府).

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the year ended 31 December 2024 and the year ended 31 December 2023, respectively.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	1,648,287	1,534,035
Cost of sales	<u>(1,189,033)</u>	<u>(1,139,869)</u>
Gross profit	459,254	394,166
Administrative expenses	(167,350)	(175,157)
(Provision for)/reversal of impairment losses on financial assets and contract assets	(24,934)	11,980
Other income	36,940	73,041
Other losses — net	<u>(6,198)</u>	<u>(5,112)</u>
Operating profit	297,712	298,918
Finance income	18,522	18,231
Finance costs	<u>(43,743)</u>	<u>(50,373)</u>
Finance costs — net	(25,221)	(32,142)
Share of profit of associates accounted for using the equity method	<u>16,100</u>	<u>15,374</u>
Profit before income tax	288,591	282,150
Income tax expense	<u>(51,172)</u>	<u>(55,316)</u>
Profit and total comprehensive income for the year	<u>237,419</u>	<u>226,834</u>
Profit and total comprehensive income attributable to:		
— Owners of the Company	164,154	148,980
— Non-controlling interests	<u>73,265</u>	<u>77,854</u>
	<u>237,419</u>	<u>226,834</u>
Earnings per share (expressed in RMB per share)		
— Basic and diluted	<u>0.54</u>	<u>0.57</u>

Revenue

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Heat Services		
— Fees from customers for provision and distribution of heat	1,011,118	922,431
— Price subsidies from local government	179,853	180,929
— Pipeline connection fee	106,360	98,665
Sub-total	1,297,331	1,202,025
Engineering construction services	322,167	292,800
EMC services	2,480	2,480
Heat transmission services	4,385	4,506
Sales of goods	6,025	16,799
Designing services	5,538	4,259
Others	10,361	11,166
Total	1,648,287	1,534,035

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 7.5% from approximately RMB1,534.0 million for the Corresponding Period to approximately RMB1,648.3 million for the Reporting Period, primarily due to (a) an increase in the revenue generated from the provision and distribution of heat and pipeline connection fees due to an increase in actual heat service area and an increase in pipeline construction projects, and (b) an increase in the revenue from 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 4.3% from approximately RMB1,139.9 million for the Corresponding Period to approximately RMB1,189.0 million for the Reporting Period, primarily attributable to (a) an increase in costs for purchases of heat due to an increase in actual heat service area, (b) an increase in construction costs due to an increase in construction projects, and (c) an increase in amortisation of intangible assets due to an increase of intangible assets in relation to operating concessions.

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.

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Heat services	411,867	31.8	352,329	29.3
Engineering construction services	40,612	12.6	28,119	9.6
EMC services	(417)	(16.8)	(384)	(15.5)
Heat transmission services	3,101	70.7	3,205	71.1
Sales of goods	1,480	24.6	7,622	45.4
Designing services	859	15.5	(66)	(1.5)
Others	1,752	16.9	3,341	29.9
Total	<u>459,254</u>	<u>27.9</u>	<u>394,166</u>	<u>25.7</u>

For the Reporting Period, our gross profit was approximately RMB459.3 million, representing an increase of 16.5% as compared with approximately RMB394.2 million for the Corresponding Period.

For the Reporting Period, our gross profit margin was approximately 27.9% (Corresponding Period: 25.7%). The increase in gross profit margin was mainly attributable to (a) an increase in gross profit generated from heat services due to an increase in actual heat service areas and an increase in heat rates of a certain concession project, and (b) an increase in gross profit generated from engineering construction services.

Administrative Expenses

Our administrative expenses mainly consist of (a) employee benefit expenses, (b) business entertainment expenses, (c) depreciation of property, plant and equipment, and (d) travelling expenses. Our administrative expenses decreased by 4.5% from approximately RMB175.2 million for the Corresponding Period to approximately RMB167.4 million for the Reporting Period, primarily attributable to (a) the recognition of listing expenses in the Corresponding Period whereas no recognition of listing expenses was required for the Reporting Period, and (b) a decrease in entertainment expenses.

(Provision for)/Reversal of Impairment Losses on Financial Assets and Contract Assets

During the Reporting Period, we recorded a provision for impairment losses in respect of our trade, lease and other receivables and contract assets. For the Reporting Period, we record a provision for impairment losses of approximately RMB24.9 million, as compared with a reversal of impairment losses of approximately RMB12.0 million for the Corresponding Period, primarily due to an increase in expected credit loss rates resulted by an increase in long aging 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 RMB36.9 million, representing a decrease of approximately 49.5% from approximately RMB73.0 million for the Corresponding Period, primarily due to the compensation received and recognised by the Group in 2023 for the costs incurred in the provision of heat services in a certain concession project.

Other Losses — net

During the Reporting Period, our other losses-net consisted of (a) fair value losses of investment properties, (b) net foreign exchange gains/(losses), and (c) gains on extinguishment of account receivables. For the Reporting Period, our other losses-net was approximately RMB6.2 million, representing an increase of approximately 21.6% from approximately RMB5.1 million for the Corresponding Period, primarily due to an increase in fair value losses of investment properties due to the downturn in the property market in the PRC, which is partly offset by an increase in foreign exchange gains due to the appreciation in exchange rate of HKD against RMB.

Finance Income and Costs

For the Reporting Period, our finance income amounted to approximately RMB18.5 million, representing an increase of approximately 1.6% from approximately RMB18.2 million for the Corresponding Period, primarily due to an increase in finance income derived from bank deposits as the Company has converted a portion of its short-term deposits into time deposits.

For the Reporting Period, our finance costs amounted to approximately RMB43.7 million, representing a decrease of approximately 13.3% from approximately RMB50.4 million for the Corresponding Period, primarily due to (a) a decrease in interest expenses on borrowings, and (b) a decrease in semi-annual weighted average borrowing rate.

Income Tax Expenses

For the Reporting Period, our income tax expenses amounted to approximately RMB51.2 million, representing a decrease of approximately 7.4% from approximately RMB55.3 million for the Corresponding Period, primarily due to an increase in deferred income tax.

Profit and Total Comprehensive Income for the Year

For the Reporting Period, profit for the period amounted to approximately RMB237.4 million, representing an increase of approximately 4.7% from approximately RMB226.8 million for the Corresponding Period, primarily due to (a) an increase in revenue generated from heat services, and (b) an increase in revenue generated from engineering construction services.

Profit Attributable to Owners of the Company

For the Reporting Period, profit attributable to owners of the Company amounted to approximately RMB164.2 million, representing an increase of approximately 10.2% from approximately RMB149.0 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.

PROSPECTS

In 2025, the “Dual Carbon” Goals and the opportunities available in China’s energy transition will continue to guide our business development. While ensuring steady growth in the performance of our existing concession projects, especially by ensuring the successful completion and commencement of heat services of steam supply of the Baotou Project and achieving effective increase in the actual heat service area of the Xinmi Project, we will step up our efforts to capture more market shares and expand our current geographical coverage.

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

(1) To continuously improve the digitalised heat service platform

To realize the overall goal of “production integration, operation integration and management integration” and achieve digitalisation of its heat services platform, the Group has collected the data relevant to its production and customer service, and has independently developed a smart heating platform with the functions of real-time monitoring, remote control, automatic adjustment and data analysis. We expect to complete the development for a platform integration production management, fee collection management, and customer service activities. In addition, the company has also engaged with two domestic colleges and universities for cooperation to carry out the research and development of algorithms for forecasting heating load and enabling smart adjustments, among others.

(2) To Enhance Technological Innovation and Practical Application Capabilities of the Heating Technology Center

The Heating Technology Center has always kept pace with the development trend of heating technology, continuously focusing on and implementing the application of unique heating technologies, and striving to enhance energy utilisation efficiency and operational stability of the existing heat service system. Simultaneously, the Heating Technology Center is actively exploring comprehensive energy solutions, and adopting the latest energy-saving technologies and intelligent management methods to optimise system operations, in order to meet future market demands and industry development directions. Moving forward, the Heating Technology Center will further strengthen its technological innovation and practical application capabilities to propel heat service industry towards a more efficient, low-carbon, and intelligent development path.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2024	2023
		RMB'000	RMB'000
Revenue	3	1,648,287	1,534,035
Cost of sales		<u>(1,189,033)</u>	<u>(1,139,869)</u>
Gross profit		459,254	394,166
Administrative expenses		(167,350)	(175,157)
(Provision for)/reversal of impairment losses on financial assets and contract assets		(24,934)	11,980
Other income		36,940	73,041
Other losses — net	4	<u>(6,198)</u>	<u>(5,112)</u>
Operating profit		297,712	298,918
Finance income		18,522	18,231
Finance costs		<u>(43,743)</u>	<u>(50,373)</u>
Finance costs — net		(25,221)	(32,142)
Share of profit of associates accounted for using the equity method		<u>16,100</u>	<u>15,374</u>
Profit before income tax		288,591	282,150
Income tax expense	5	<u>(51,172)</u>	<u>(55,316)</u>
Profit and total comprehensive income for the year		<u>237,419</u>	<u>226,834</u>
Profit and total comprehensive income attributable to:			
— Owners of the Company		164,154	148,980
— Non-controlling interests		<u>73,265</u>	<u>77,854</u>
		<u>237,419</u>	<u>226,834</u>
Earnings per share (expressed in RMB per share)			
— Basic and diluted	6	<u>0.54</u>	<u>0.57</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		189,561	195,834
Investment properties		373,179	344,197
Right-of-use assets		23,596	26,724
Intangible assets		3,600,255	3,520,839
Investments accounted for using the equity method		126,232	110,132
Trade receivables	7	71,576	87,874
Prepayments and other receivables		27,013	31,870
Deferred income tax assets		85,268	67,603
		<u>4,496,680</u>	<u>4,385,073</u>
Current assets			
Inventories		33,038	36,871
Trade receivables	7	575,834	472,690
Prepayments and other receivables		129,259	102,681
Financial asset at fair value through profit or loss		12,002	—
Restricted cash		74,175	86,468
Cash and cash equivalents		645,680	713,175
		<u>1,469,988</u>	<u>1,411,885</u>
Total assets		<u>5,966,668</u>	<u>5,796,958</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		301,600	301,600
Other reserves		391,499	354,800
Retained earnings		481,623	399,408
		<u>1,174,722</u>	<u>1,055,808</u>
Non-controlling interests		<u>254,126</u>	<u>243,197</u>
Total equity		<u>1,428,848</u>	<u>1,299,005</u>

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	9	427,033	588,430
Other payables	8	29,442	62,985
Contract liabilities		1,980,399	1,915,126
Lease liabilities		14,739	17,451
Deferred income		111,316	89,719
Deferred income tax liabilities		23,616	26,406
Provision		38,113	31,298
		2,624,658	2,731,415
Current liabilities			
Borrowings	9	299,705	131,380
Trade and other payables	8	975,960	1,043,407
Contract liabilities		571,598	539,480
Lease liabilities		2,808	164
Current income tax liabilities		63,091	52,107
		1,913,162	1,766,538
Total liabilities		4,537,820	4,497,953
Total equity and liabilities		5,966,668	5,796,958

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

NOTES

1 GENERAL INFORMATION

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 ultimate holding company of the Company is Jiangsu Shuangliang Technology Company Limited (江蘇雙良科技有限公司) (“**Shuangliang Technology**”), which is a private-owned company established in Jiangsu Province, the PRC.

These consolidated financial statements are presented in thousands of unit of Renminbi (RMB'000), unless otherwise stated.

2 BASIC OF PREPARATION

2.1 Compliance with IFRS Accounting Standards and Hong Kong Companies Ordinance (“**HKCO**”)

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and related interpretations issued by the International Accounting Standards Board (the “**IASB**”), and requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the International Financial Reporting Interpretations Committee

2.2 New accounting standards and accounting changes

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024. The adoption of these new standards and amendments did not have any impact on the amounts recognised in prior and current periods and are not expected to significantly affect the future periods.

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
IAS 7 (Amendments) and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

2.3 New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 (Amendments) and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue from contract with customers

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contract with customers:		
— Provision and distribution of heat	1,190,971	1,103,360
— Consideration from customers	1,011,118	922,431
— Price subsidies from local government	179,853	180,929
— Engineering construction services	322,167	292,800
— Pipeline connection fees	106,360	98,665
— Sale of goods	6,025	16,799
— Heat transmission services	4,385	4,506
— Designing services	5,538	4,259
— Energy management services	2,480	2,480
— Others	10,361	11,166
	<u>1,648,287</u>	<u>1,534,035</u>
Timing of revenue recognition:		
— At a point in time	18,116	31,002
— Over time	1,630,171	1,503,033
	<u>1,648,287</u>	<u>1,534,035</u>

Management considered the determination of operating segments based on the reports reviewed by the CODM.

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 reviews the consolidated financial information of the Group accordingly.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenues are derived in the PRC.

As at 31 December 2024, all of the non-current assets were located in the PRC or arisen from transactions as conducted in the PRC (2023: same).

4 OTHER LOSSES — NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Fair value losses of investment properties	(12,292)	(3,980)
Net foreign exchange gains/(losses)	3,791	(2,885)
Gains on extinguishment of account receivables	2,043	—
Others	260	1,753
	<u>(6,198)</u>	<u>(5,112)</u>

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC corporate income tax	71,626	63,170
Deferred income tax	(20,454)	(7,854)
	<u>51,172</u>	<u>55,316</u>

6 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Profit attributable to the owners of the Company (<i>RMB'000</i>)	164,154	148,980
Weighted average number of ordinary shares in issue (<i>thousands</i>)	301,600	262,039
Basic earnings per share (<i>RMB per share</i>)	<u>0.54</u>	<u>0.57</u>

(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 31 December 2024 (2023: same).

7 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Included in current assets		
Trade receivables (a)		
— Related parties	2,712	2,080
— Third parties	623,927	509,182
	<u>626,639</u>	<u>511,262</u>
Notes receivables	—	1,319
Lease receivables	18,904	18,904
Less: allowance for impairment of trade receivables and lease receivables	(69,709)	(58,795)
	<u>575,834</u>	<u>472,690</u>
Included in non-current assets		
Lease receivables	93,576	105,146
Less: allowance for impairment of lease receivables	(22,000)	(17,272)
	<u>71,576</u>	<u>87,874</u>
Total trade receivables	<u>647,410</u>	<u>560,564</u>

- (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 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	389,079	374,903
1 to 2 years	176,229	103,575
2 to 3 years	37,291	12,196
Over 3 years	24,040	20,588
	<u>626,639</u>	<u>511,262</u>

8 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Included in current liabilities		
Trade payables (a)		
— Related parties	1,551	1,525
— Third parties	480,665	498,311
	<u>482,216</u>	<u>499,836</u>
Notes payables	64,368	61,903
Amounts due to related parties	9,610	26,508
Payables for acquisition of intangible assets	196,291	270,160
Payables for acquisition of property, plant and equipment	4,850	5,420
Employee benefits payables	33,288	30,970
Other taxes payables	32,088	33,522
Interest payables	904	1,079
Employee reimbursement payables	355	1,263
Dividends payables to non-controlling interests	46,280	10,000
Loans from government	22,981	22,517
Refundable pipeline connection fees	1,709	1,895
Installment payable for acquisition of intangible assets	38,318	35,328
Others	42,702	43,006
	<u>975,960</u>	<u>1,043,407</u>
Included in non-current liabilities		
Other payables		
— A third party (installment payable for acquisition of intangible assets)	29,442	62,985
Total trade and other payables	<u>1,005,402</u>	<u>1,106,392</u>

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	376,207	348,546
1 to 2 years	44,523	42,984
2 to 3 years	21,560	33,936
Over 3 years	39,926	74,370
	<u>482,216</u>	<u>499,836</u>

9 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Included in non-current liabilities:		
Bank borrowings		
— secured and guaranteed	535,587	581,310
— unsecured	—	58,500
	<u>535,587</u>	<u>639,810</u>
Less: current portion of non-current liabilities	(108,554)	(51,380)
	<u><u>427,033</u></u>	<u><u>588,430</u></u>
Included in current liabilities:		
Bank borrowings		
— secured and guaranteed	99,651	30,000
— unsecured and guaranteed	34,000	50,000
— unsecured	57,500	—
Current portion of non-current liabilities	<u>108,554</u>	<u>51,380</u>
	<u><u>299,705</u></u>	<u><u>131,380</u></u>
Total borrowings	<u><u>726,738</u></u>	<u><u>719,810</u></u>

As at year end, the Group's borrowings were repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year or on demand	299,705	131,380
Between 1 and 2 years	124,082	165,868
Between 2 and 5 years	242,472	303,316
Over 5 years	<u>60,479</u>	<u>119,246</u>
	<u><u>726,738</u></u>	<u><u>719,810</u></u>

10 DIVIDENDS

A dividend of RMB0.15 per share, amounting to RMB45,240,000 has been declared and paid by the Company during the year ended 31 December 2024 (2023: nil).

On 21 March 2025, the board of directors resolved to declare a final dividend of RMB0.164 per share, amounting to RMB49,462,400 for the year ended 31 December 2024. The final dividend is subject to approval by the shareholders in the upcoming annual general meeting and these financial statements do not reflect this dividend payable.

OTHER INFORMATION

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange 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.

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.

EXTENSION OF TIMELINE IN USE OF NET PROCEEDS

During the year of 2024, the Group has continued to pursue the intended construction and expansion projects. As at the date of this announcement:

- the construction activities for the Lanzhou Peak-saving Boiler Construction project have been completed, and the project has progressed to the acceptance and quality assurance stage. To ensure that construction deliverables have strictly complied with our specifications and are fit for use, we will continue to carry out rigorous quality assurance checks and acceptance procedures, which are expected to complete by the end of 2025. Following our acceptance of the construction deliverables, the Company expects to fully utilise the net proceeds from the Global Offering allocated for this project to settle payments due in accordance with the terms of the contract; and
- the construction and expansion activities for the Xinmi Preparation and Expansion Project are currently underway. Due to the slower-than-expected rate of property development within the concession area of Xinmi of Henan Province, the forecast timeframe needed for achieving full heat supply capacity has been extended to account for the actual heat demand of the region. The Company expects to fully utilise the net proceeds from the Global Offering allocated for this project by the end of 2026.

The table below sets out the planned applications of the net proceeds and actual usage from the Listing Date up to 31 December 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 31 December 2024) (RMB million)	Unutilised amount (as at 31 December 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	34.3	51.0	On or before 31 December 2025 ⁽³⁾
Xinmi Project Preparation and Expansion	40.0%	75.0	68.2	18.7	49.5	On or before 31 December 2026 ⁽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 2025 ⁽³⁾
Total	100.0%	187.5	170.6	63.0	107.6	

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 institution (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or the Commercial Banking Law of the PRC (中華人民共和國商業銀行法) and other relevant laws in the PRC).

FINAL DIVIDEND AND WITHHOLDING OF INCOME TAX

The Board has resolved to recommend the payment of a final dividend of RMB0.164 per share (tax inclusive) for the year ended 31 December 2024 (2023: RMB0.15 per share (tax inclusive)) to all Shareholders whose names appear on the register of members of the Company on Wednesday, 28 May 2025 (subject to the consideration and approval of the same via ordinary resolution by Shareholders at the forthcoming AGM to be held on Friday, 16 May 2025), with a total amount being approximately RMB49,462,400. Subject to approval by the AGM, the final dividend is expected to be paid on or before Friday, 27 June 2025.

Such proposed dividends will be denominated in RMB. Dividends for H Shares will be paid in Hong Kong dollars. The relevant exchange rate for conversion shall be calculated by the average central parity rate of the relevant foreign exchange posted by China Foreign Exchange Trading Centre for one calendar week immediately preceding the date of declaration of such dividend at the AGM.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008, and was amended on 24 February 2017, 29 December 2018 and 6 December 2024, the Provision for Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008 and was amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, where a Chinese resident enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to H-share holders which are overseas non-resident enterprises (such term shall have the meaning as defined under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)), it is required to withhold 10% enterprise income tax for such overseas non-resident enterprise H-share holders. Therefore, for a non-resident enterprise Shareholder of the H Shares (i.e., any Shareholder holding the H Shares in the name of a non-individual Shareholder, including but not limited to any holders of H Shares registered in the name of HKSCC Nominees Limited, or any other nominee or trustee, or any other organisation or group), the Company shall withhold the enterprise income tax for the final dividend at the tax rate of 10% on its behalf. After receiving dividends, the non-resident enterprise Shareholder may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation on 28 June 2011, dividends to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual Shareholders of H Shares whose names appear on the H Share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知》).

The Company assumes no responsibilities whatsoever in respect of and will not entertain for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholdings.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares of the Company in the PRC and in Hong Kong and other tax effects involved.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Friday, 16 May 2025. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 12 May 2025.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2024 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of H Shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 May 2025.

CORPORATE GOVERNANCE

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.

In the opinion of Directors, the Company has complied with all the principles and code provisions as set out in the CG Code during the year ended 31 December 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries with all the Directors and supervisors, each of the Directors and supervisors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2024. Meanwhile, the Company was not aware of any events of non-compliance with the Model Code by the relevant employees during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)) during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

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 Audit Committee has considered and reviewed the Group's annual results for the year ended 31 December 2024, the accounting principles and practices adopted by the Company and the Group, and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EVENTS AFTER THE REPORTING PERIOD

Change of Joint Company Secretary and Process Agent

Reference is made to the Company's announcement dated 17 January 2025.

Mr. Tso Ping Cheong Brian ("**Mr. Tso**") has tendered his resignation as a joint company secretary of the Company and has ceased to act as the process agent for accepting service of process and notices on behalf of the Company in Hong Kong under Rule 19.05(2) of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 17 January 2025. Mr. Tso resigned due to internal structure change of the Company's service provider, Acclime Corporate Services Limited, and Ms. Charmayne Chan ("**Ms. Chan**") is assigned to be the joint company secretary and process agent of the Company in place of Mr. Tso.

After the aforesaid changes, Mr. Ma Ke ("**Mr. Ma**") would continue to serve as the other joint company secretary. The Company has applied for, and the Stock Exchange has granted, a new waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules (the "**New Waiver**") for a period from the effective date of appointment of Ms. Chan to 9 July 2026 (the "**New Waiver Period**") on the conditions that (i) Mr. Ma will be assisted by Ms. Chan during the New Waiver Period; and (ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company. The Company will disclose details of the New Waiver, including the reasons for and the conditions of the New Waiver, and the qualification and experience of both Mr. Ma and Ms. Chan in an announcement. In addition, the Company shall notify the Stock Exchange at the end of the New Waiver Period for the Stock Exchange to re-visit the situation, as the Stock Exchange expects that after the end of the New Waiver Period, the Company will be able to demonstrate that Mr. Ma can satisfy Rule 3.28 of the Listing Rules after having the benefit of Ms. Chan's assistance such that a further waiver will not be necessary. Mr. Ma primarily based in the PRC, while Ms. Chan is primarily based in Hong Kong in relation to the conduct of their job duties as joint company secretaries of the Company.

Connected Transaction — Purchase of Machineries

Reference is made to the Company's announcement dated 13 February 2025.

On 13 February 2025, the Board approved the entry into three Sales and Purchase Agreements, pursuant to which the Seller and three Purchasers, all being indirect subsidiaries of the Company, entered into three Sales and Purchase Agreements on the same day, whereby the Seller agreed to sell, and the respective Purchaser agreed to purchase, specified units of energy-saving electromagnetic switch motors at the consideration of RMB3,000,000 per Agreement.

Pursuant to Rule 14.81 of the Listing Rules, a series of connected transactions should be aggregated and treated as if they were one transaction if they were all entered within a 12-month period or were otherwise related. The three Sales and Purchase Agreements were entered into on the same day on 13 February 2025 and the consideration was paid under each Agreement was RMB3,000,000. At the time of the making of the three Sales and Purchase Agreements, the highest applicable ratio exceeds 0.1% and is less than 5%, and the total aggregate consideration of RMB9,000,000 exceeds HK\$3,000,000. Therefore, the proposed transaction under the Sales and Purchase Agreements constitute a de minimis connected transaction according to Rule 14A.76 of the Listing Rules and is only subject to the notification and announcement requirements, but is exempt from the circular (including independent financial advice) and shareholders' approval requirements.

Appointment of Director

Reference is made to the Company's announcements dated 13 February 2025 and 6 March 2025 and the Company's circular dated 18 February 2025.

An ordinary resolution has been passed by the shareholders at the extraordinary general meeting ("EGM") held on 6 March 2025 for approval of the appointment of Mr. Liu Zhigang ("**Mr. Liu**") as an executive Director. Mr. Liu's appointment as executive Director of the Board has commenced from the approval date of his appointment at the EGM and end at the conclusion of the forthcoming annual general meeting of the Company this year, and may be re-appointed in accordance with the Articles or any other applicable laws from time to time.

Amendment to the Articles

Reference is made to the Company's announcements dated 13 February 2025 and 6 March 2025 and the Company's circular dated 18 February 2025.

The Board proposed to make certain amendments to the Articles for the purpose of (i) consolidating and removing scope of business without actual operations in the business objectives and scope clause of the Articles to more succinctly reflect the actual operations of the Company, and certain housekeeping and amendments (ii) to reflect the current share capital structure of the Company, following the conversion of all unlisted domestic shares of the Company into H Shares on 2 September 2024 and completion of the full circulation of H Shares on the Stock Exchange, and (iii) to bring the Articles in line with the revised Company Law of the PRC, which became effective from 1 July 2024 (the “**Proposed Amendments**”). A special resolution has been passed by the shareholders at EGM for approval of the Proposed Amendments on 6 March 2025.

Saved as disclosed above, the Board is not aware of any significant event occurred that materially affect the Group’s financial condition or operation following the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.hjkj.cn>). The annual report of the Group for the year ended 31 December 2024, which contains all the information required under the Listing Rules, will be despatched to shareholders of the Company and available on the above websites in the end of April 2025.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held on Friday, 16 May 2025
“Agreement”	each of the Sales and Purchase Agreements or all of them
“Articles”	the Articles of Association of the Company
“Audit Committee”	the audit committee of the Board

“Baotou Project”	Baotou Tuyou New Industrial Park Chemical Concentration Zone of Inner Mongolia Autonomous Region Heat Services of Steam Supply Project* (內蒙古包頭土右新型工業園區化工集中區供熱(氣)項目), a project established pursuant to the concession agreement dated 19 September 2023 entered into between Wise Living Energy (Baotou) and the Management Committee of Baotou Tuyou New Industrial Park of Inner Mongolia Autonomous Region* (內蒙古包頭土右新型工業園區管理委員會)
“Board”	the board of Directors of the Company
“CG Code”	The 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 announcement, 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 December 2015
“Corresponding Period”	the period from 1 January 2023 to 31 December 2023
“Director(s)”	the director(s) of the Company
“EMC”	energy-conservation service contract
“Global Offering”	The Hong Kong public offering and the international offering
“Group”, “we” or “our”	the Company and its subsidiaries
“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 People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 28 June 2023
“Purchaser(s)”	Hulunbuir Shuangliang Energy System Co., Ltd.* (呼倫貝爾雙良能源系統有限公司), Lanzhou New District Shuangliang Thermal Power Co., Ltd.* (蘭州新區雙良熱力有限公司) and Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司), all together or any of them
“Reporting Period”	the period from 1 January 2024 to 31 December 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sales and Purchase Agreements”	the sales and purchase agreements dated 13 February 2025 entered into between the Seller and Hulunbuir Shuangliang Energy System Co., Ltd.* (呼倫貝爾雙良能源系統有限公司), Lanzhou New District Shuangliang Thermal Power Co., Ltd.* (蘭州新區雙良熱力有限公司) and Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司), respectively

“Seller”	Jiangsu Shuangliang Bangji Electronics Co., Ltd.* (江蘇雙良邦極電子有限公司), a company incorporated in the PRC with limited liability, whose controlling shareholder, Mr. Miao Shuangda, is also a controlling shareholder of the Company
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of RMB1.00, comprising 301,600,000 H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinmi Project”	Xinmi City Centralised Heat Services Project of Henan Province* (河南省新密市集中供熱項目)
“Wise Living Energy (Baotou)”	Wise Living Energy (Baotou) Company Limited* (慧居能源(包頭)有限公司), a company with limited liability established in the PRC on 26 November 2020, an indirect wholly-owned subsidiary of the Company
“%”	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.

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

Hong Kong, 21 March 2025

As at the date of this announcement, the Board comprises Mr. Li Baoshan, Mr. Liu Zhigang 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.