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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the prospectus of the Company dated 28 June 2023 and the 2023 annual report of the Company dated 22 March 2024.

For reasons set forth in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES”, it came to the attention to the Board that the 2023 Annual Master Agreement has expired on 31 December 2023 and the Group has continued to purchase heat services-related equipment, devices and materials (with related supporting services) and/or add-on services in relation to heat services-related equipment, devices and materials (such as equipment modification, maintenance and safety monitoring) with Shuangliang Eco-Energy. Thus, the Company entered into the 2024 Annual Master Agreement with Shuangliang Eco-Energy on 26 April 2024 to renew the 2023 Annual Master Agreement for a term commencing upon approval by the respective authorised bodies (board of directors or the shareholders’ meeting) of both Parties (whichever is later) and shall remain in effect until the conclusion of the next annual review by the respective authorised bodies (board of directors or the shareholders’ meeting) of both Parties following the approval of the 2024 Annual Master Agreement (whichever is later).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Miao Shuangda (one of the controlling shareholders of the Company) and his associates, both directly and indirectly and individually and collectively, hold approximately 46.01% equity interest in Shuangliang Eco-Energy. Therefore, Shuangliang Eco-Energy is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Annual Master Agreement with Shuangliang Eco-Energy and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps under the 2024 Annual Master Agreement exceeds 0.1% but is less than 5%, the 2024 Annual Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Company has failed to make timely disclosure of the continuing connected transaction, this constituted a breach of Chapter 14A of the Listing Rules.

INTRODUCTION

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RENEWAL OF THE CONTINUING CONNECTED TRANSACTION

2024 Annual Master Agreement

Set out below are the principal terms of the 2024 Annual Master Agreement:

Date: 26 April 2024

Parties:

- (a) the Company (on its own and on behalf of its subsidiaries); and
- (b) Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries)

Subject matter: Pursuant to the 2024 Annual Master Agreement, the Company and/or the subsidiaries of the Company shall purchase heat services-related equipment, devices and materials (with related supporting services) and/or add-on services in relation to heat services-related equipment, devices and materials (such as equipment modification, maintenance and safety monitoring)

Term: The 2024 Annual Master Agreement shall commence upon approval by the respective authorised bodies (board of directors or the shareholders' meeting) of both Parties (whichever is later) and shall remain in effect until the conclusion of the next annual review by the respective authorised bodies (board of directors or the shareholders' meeting) of both Parties following the approval of the 2024 Annual Master Agreement (whichever is later). The Company will duly consider the need of procurement of heat services-related equipment, devices and materials (with related supporting services) and related add-on services and enter into a new agreement upon expiry of the 2024 Annual Master Agreement

Pricing:

The purchase price for each individual purchase order and/or the service fee for each request shall be determined after arm's length negotiations between Shuangliang Eco-Energy Group and the Company from time to time with reference to the then prevailing market price, quality and logistics capacity of similar products or services in the market by way of independent third-party quotation. However, under the same conditions, the purchase price shall not be higher than the price at which the Company and/or its subsidiaries purchase equivalent services from independent third parties

Reasons for Entering Into the 2024 Annual Master Agreement

For conducting the business of the Group, the Group procured heat service-related equipment, such as pipes, heat exchangers and heat pumps. Shuangliang Eco-Energy Group has supplied heat services related equipment, devices and materials (with related supporting services) and provided add-on services in relation to heat services-related equipment, devices and materials to the Group since 2014.

Taking into account (i) Shuangliang Eco-Energy is a company established in 1995 and listed on the Shanghai Stock Exchange and has been supplying heat service-related equipment for some time; (ii) Shuangliang Eco-Energy Group is capable of supplying equipment, devices, materials and services required by the Group; (iii) Shuangliang Eco-Energy Group was able to meet the requirements of the Group on a timely basis with a price that the Group considered relatively competitive, the Directors consider that entering into the 2024 Annual Master Agreement with Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries) would allow the Group to maintain a stable supply of heat services-related equipment, devices and materials (with related supporting services) as well as related add-on services required for the business of the Group.

Further, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the 2024 Annual Master Agreement are fair and reasonable, on normal commercial terms or better and in the interest of the Group and the Shareholders as a whole.

Historical Transaction Amounts

For the three years ended 31 December 2021, 2022 and 2023, the transaction amounts with Shuangliang Eco-Energy Group were as follows:

Nature of transactions	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Purchase of heat services-related equipment, devices and material (with related supporting services)	11,743	11,683	9,124
Add-on services in relation to heat services-related equipment, devices and material	170	2,231	3,170

From the date of approval by the respective authorised bodies (board of directors or the shareholders' meeting) of both Parties (whichever is later) and up to the date of this announcement, Shuangliang Eco-Energy Group has continued to supplied heat services-related equipment, devices and materials (with related supporting services) and provided add-on services in relation to heat services-related equipment, devices and materials to the Group, details of which are disclosed in the section headed "RECTIFICATION OF BREACH OF THE LISTING RULES" below.

Annual Caps and Basis of Determination

Pursuant to the 2024 Annual Master Agreement, the proposed annual caps for (i) purchase of heat services-related equipment, devices and material (with related supporting services) is RMB21,000,000 and (ii) add-on services in relation to heat services-related equipment, devices and materials to the Group is RMB500,000.

The proposed annual caps contemplated under the 2024 Annual Master Agreement were determined with reference to: (i) the historical transaction amounts for the three years ended 31 December 2023; (ii) the expected demand for heat services-related equipment, devices, and materials (with related supporting services), and/or add-on services in relation to heat services-related equipment, devices and materials of the Group in Taiyuan City, Xi County and Hulunbuir City; and (iii) the prevailing market price for similar products/services in the market.

Based on the assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024, the transaction amounts between the Group and Shuangliang Eco-Energy Group for the year ended 31 December 2024 are: (i) approximately RMB7.1 million for purchase of heat services-related equipment, devices and material (with related supporting services); and (ii) nil for add-on services in relation to heat services-related equipment, devices and material. The transaction amounts are within the proposed annual caps as set out in the 2024 Annual Master Agreement.

Information of the Parties to the 2024 Annual Master Agreement

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.

Shuangliang Eco-Energy

Shuangliang Eco-Energy is a joint stock limited liability company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600481.SH), which is principally engaged in the manufacturing and sales of products of (i) energy-saving and water-saving systems; and (ii) new energy systems (新能源系統). Mr. Miao Shuangda (one of the controlling shareholders of the Company) and his associates, both directly and indirectly and individually and collectively, hold approximately 46.01% equity interest in Shuangliang Eco-Energy. Therefore, Shuangliang Eco-Energy is a connected person of the Company under Chapter 14A of the Listing Rules. During the three years ended 31 December 2023, Shuangliang Eco-Energy Group had mainly supplied the Group with equipment for heat service.

Listing Rules Implications

As at the date of this announcement, Mr. Miao Shuangda (one of the controlling shareholders of the Company) and his associates, both directly and indirectly and individually and collectively, hold approximately 46.01% equity interest in Shuangliang Eco-Energy. Therefore, Shuangliang Eco-Energy is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Annual Master Agreement with Shuangliang Eco-Energy and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps under the 2024 Annual Master Agreement exceeds 0.1% but is less than 5%, the 2024 Annual Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Company has failed to make timely disclosure of the continuing connected transaction, this constituted a breach of Chapter 14A of the Listing Rules.

RECTIFICATION OF BREACH OF THE LISTING RULES

Reasons for Failure to Make Timely Disclosure of the Continuing Connected Transaction

According to the 2024 Annual Master Agreement, the 2024 Annual Master Agreement is subject to the approval by the respective authorised bodies (board of directors or the shareholders' meeting) of both Parties (whichever is later). The Board held a Board meeting in March 2024 at which the Board approved the proposed annual caps of the 2024 Annual Master Agreement and authorised the management of the Company to make timely disclosure of the 2024 Annual Master Agreement in accordance with the relevant Listing Rules after obtaining approval from the authorised body of Shuangliang Eco-Energy. Shuangliang Eco-Energy convened the shareholders' meeting in May 2024 to approve the proposed annual caps of the 2024 Annual Master Agreement. The 2024 Annual Master Agreement came to effect after the approval by the shareholders' meeting of Shuangliang Eco-Energy. Due to inadvertent oversight of certain personnel of the Group in monitoring connected transactions, the Company failed to file the signed 2024 Annual Master Agreement and make disclosure of the 2024 Annual Master Agreement in time. During the preparation of the forthcoming annual results of the Group for the twelve months ended 31 December 2024, the financial department of the Group revisited the connected transactions entered into by the Group and discovered that the Company did not make timely disclosure in respect of the 2024 Annual Master Agreement as required under Chapter 14A of the Listing Rules. The Board wishes to emphasise that such breach was due to unintentional and an inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

Remedial Measures

The Board sincerely regrets its non-compliance with Chapter 14A of the Listing Rules. To prevent reoccurrence of similar breaches of the Listing Rules in the future, the Group intends to adopt the following measures:

- (i) the Directors have instructed the management of the Group to take all necessary measures to examine the existing agreements and transactions of the Group and to ensure that such agreements and transactions are in full compliance with the Listing Rules;

- (ii) the Group has enhanced the filing and recording of all the connected transaction agreements and assigned a higher level of management to centralise the management of connected transactions, therefore the company secretary of the Company will be responsible for the filing of connected transaction agreements and the maintenance of the connected transactions database;
- (iii) the Group will regularly reviewing, monitoring and verifying the existing database relating to continuing connected transactions (including identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy;
- (iv) the Group will provide more internal trainings and guidance materials on the relevant requirements of connected transaction under Chapter 14A of the Listing Rules to all relevant personnel, accounting staff, internal auditor and senior management in all business departments of the Group to reinforce the importance of the compliance with the Listing Rules;
- (v) the Group will arrange to improve the coordination and communication among various departments and subsidiaries of the Company responsible for reporting, monitoring and handling continuing connected transactions; and
- (vi) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

The Directors believe that the implementation of the above remedial measures will strengthen and reinforce the knowledge of the responsible staff, management and Directors in relation to connected transactions under the Listing Rules, improve the regulatory compliance abilities of the Company, and help prevent the reoccurrence of the similar incidents of non-compliance.

DEFINITIONS

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

“2023 Annual Master Agreement”	the agreement entered into between the Company (on its own and on behalf of its subsidiaries) and Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries) on 29 May 2023 in relation to the purchase of heat services-related equipment, devices and materials (with related supporting services) and/or add-on services in relation to heat services-related equipment, devices and materials (such as equipment modification, maintenance and safety monitoring)
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“2024 Annual Master Agreement”	the agreement entered into between the Company (on its own and on behalf of its subsidiaries) and Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries) on 26 April 2024 in relation to the purchase of heat services-related equipment, devices and materials (with related supporting services) and/or add-on services in relation to heat services-related equipment, devices and materials (such as equipment modification, maintenance and safety monitoring)
“Board”	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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EMC”	energy-conservation service contract
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Company and Shuangliang Eco-Energy
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Shuangliang Eco-Energy”	Shuangliang Eco-Energy Systems Co., Ltd* (雙良節能系統股份有限公司), a joint stock company with limited liability incorporated in the PRC on 5 October 1995 and listed on the Shanghai Stock Exchange (stock code: 600481.SH) which is a connected person of the Company

“Shuangliang Eco-Energy Group”	Shuangliang Eco-Energy and its subsidiaries from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

* *For identification purpose only*

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

Hong Kong, 27 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.